State of Alabama

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2003

Front cover: The oak-leaf hydrangea, Hydrangea quercifolia Bartr, the official state wildflower of Alabama. Large spikes of white blooms in April and May rise above large green oak-shaped leaves. In summer, these blossoms turn a deep rose color and persist into the winter. The leaves turn red in the fall and the peeling bark of the stems and branches add to its attractive appearance. This medium-size (six to eight feet tall) deciduous shrub is found in every section of Alabama.

Comments concerning this report should be addressed to:
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Financial Reporting Section
RSA Union, Suite 206
Montgomery, AL 36130-2602

STATE OF ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2003

Bob Riley
Governor

Kay Ivey
State Treasurer

Drayton Nabers
Director of Finance

Beth Chapman
State Auditor

Prepared by the
Department of Finance, Office of the State Comptroller
Robert L. Childree • State Comptroller

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INTRODUCTORY SECTION

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BOB RILEY
Governor

DRAYTON NABERS
Director of Finance

ROBERT L. CHILDREE
State Comptroller

March 31, 2004

To the Honorable Governor,
Members of the State Legislature, and
the Citizens of Alabama:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the State of Alabama for the year ended September 30, 2003. I believe the information as presented is accurate in all material respects and complies with Article IV, Section 72 of the *Constitution of Alabama of 1901* and Section 41-4-3(4) of the *Code of Alabama 1975*, as amended. The completeness and fairness of the presentation, including all disclosures, rests with the State's management. This report complies with Article V, Section 137 of the *Constitution of Alabama of 1901* and Section 36-16-1(6) of the *Code of Alabama 1975*, as amended, as the financial report for the State Auditor, State Treasurer, and State Comptroller.

Introduction to the Report

Report
The Comprehensive Annual Financial Report is divided into three sections:

- **The Introductory Section** contains this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting for the September 30, 2002 CAFR, a list of principal officials at September 30, 2003, and the State organization chart.
- **The Financial Section** includes the Independent Auditor's Report, management's discussion and analysis, basic financial statements including notes, required supplementary information, combining and individual fund financial statements, and supplemental statements and schedules.
- **The Statistical Section** includes selected financial and demographic information about the State, with an emphasis on multi-year trends.

Internal Controls
The internal controls in the State's accounting system have been designed to comply with Alabama statutes requiring the audit of receipts and receivables; the determination of legality and correctness of each claim and expenditure; and that funds are appropriated, allotted, and on deposit in the State Treasury before any warrant is issued. The internal controls include manual pre-audit and automated system edits. As an additional control, the State Auditor's Office is responsible for a post-audit of the accounts and records of the Department of Finance and the State Treasurer's Office. These internal accounting controls provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss or unauthorized disposition and the reliability of the financial records from which the financial reports are prepared. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Audit
This CAFR has been audited by the Department of Examiners of Public Accounts. The Examiners conducted their audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. The Examiners' unqualified opinion appears at the beginning of the financial section of this report. The State will also undergo an audit of federal programs to conform to the requirements of the *Federal Single Audit Act Amendments of 1996* and the *U.S. Office of Management and Budget Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations*. Information relating to the single audit, including the schedule of expenditures of federal awards, and audit findings and recommendations, is issued in a separate report and will be available at a later date from the Examiners of Public Accounts.

Management's Discussion and Analysis
GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

Profile of the Government

Reporting Entity
This report presents financial information on all of State government as a single reporting entity. While State law allows many State organizations to operate largely independent of the daily central control and scrutiny of the State Finance Department, State Auditor, and State Treasurer, this report combines the financial data of all State organizations in order to present a comprehensive picture of State finances. The numerous departments, agencies, elected officials, boards, commissions, authorities, colleges, universities, and other organizational units of the State are included in this report in accordance with standards established by the Governmental Accounting Standards Board. These standards make a distinction between organizations which are considered to be part of the primary government of the State and those which are component units. A component unit is defined as a legally separate corporate entity for which the State is considered to be financially accountable. The criteria used to determine financial accountability include the appointment of a majority of the governing board, the ability of the State to impose its will on the organization, and the potential for the organization to be a financial benefit or financial burden to the State. The State is also considered financially accountable for any organization having an independently appointed board if that organization is fiscally dependent on the State. An organization is fiscally dependent if it is unable to adopt a budget, set rates or charges, or issue bonded debt without the approval of the State. Component units can be reported as if they are a part of the primary government ("blended presentation") if they provide services solely to the government, but most of the State's component units do not and are therefore presented separately ("discrete presentation") in these financial statements. The largest of the blended component units includes the Corrections Institution Finance Authority, the Industrial Access Road and Bridge Authority, and the Building Renovation Finance Authority. The most significant discretely presented component units are the Alabama Water Pollution Control Authority, the Department of Mental Health and Mental Retardation, the Alabama Housing Finance Authority, the four-year colleges and universities, the Alabama Public School and College Authority, and the Twenty-first Century Authority. Note 1 to the financial statements provides a more complete description of the State's reporting entity.

Budgetary Controls
Budgetary control is exercised through the Executive Budget Office of the State Finance Department based on the Appropriation Acts of the State Legislature. Alabama's annual Appropriation Acts include legally adopted budgets for the General Fund, the Education Trust Fund, and other budgeted funds. The Appropriation Acts identify the source of funding and the programmatic (functional) areas for which expenditures are authorized. Both the Alabama Constitution and the statutes require a balanced budget for annual financial operations. In the event that revenue collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft in any fiscal year for which appropriations are made. Allotments of appropriations are made quarterly based on plans of operations submitted by the departments and agencies. These appropriations and allotments are enforced by automated edits that prevent allotments in excess of appropriations and expenditures in excess of allotments. Encumbrance accounting is utilized as purchase orders are issued to insure that purchase orders plus expenditures do not exceed allotment balances. Controls are further tightened at fiscal year end by checking that the total of purchase orders plus expenditures plus any obligations (accounts payable) incurred against fiscal year appropriations do not exceed allotments, and remaining allotments do not exceed cash in the Treasury.

Cash Controls
The State's controls on cash are fiscally very conservative. Constitutional Amendment 26 prohibits the State Comptroller from drawing warrants on the State Treasury unless there is money on hand to cover those warrants. This is more restrictive at the end of the fiscal year when obligations (encumbrances and accounts payable) cannot exceed the available cash balance (cash less warrants payable). This control is enforced by automated edits and tends to result in positive fund balances, even when GAAP basis accruals are made in the financial statements. Compliance with Amendment 26 is demonstrated in the following exhibits for the General Fund and the Education Trust Fund.

Summary of Receipts, Disbursements, and Cash Balances
General Fund
Last Five Fiscal Years - Cash Basis (Treasury Cash Only)
(Amounts in Thousands)

	2003	2002	2001	2000	1999
Beginning Cash Balance, October 1	**$ 65,176**	**$ 100,229**	**$ 126,108**	**$ 84,298**	**$ 70,712**
Receipts	1,313,934	1,144,313	1,163,254	1,132,078	1,028,897
Disbursements	1,241,639	1,179,366	1,189,133	1,090,268	1,015,311
Net Increase (Decrease) in Cash Balance	**72,295**	**(35,053)**	**(25,879)**	**41,810**	**13,586**
Ending Cash Balance, September 30	**137,471**	**65,176**	**100,229**	**126,108**	**84,298**
Cash Balance Reserved for Obligations	33,216	35,133	38,637	65,662	8,796
Unobligated Cash Balance, September 30	**$ 104,255**	**$ 30,043**	**$ 61,592**	**$ 60,446**	**$ 75,502**

Summary of Receipts, Disbursements, and Cash Balances
Education Trust Fund
Last Five Fiscal Years - Cash Basis (Treasury Cash Only)
(Amounts in Thousands)

	2003	2002	2001	2000	1999
Beginning Cash Balance, October 1	**$ 33,084**	**$ 32,619**	**$ 44,044**	**$ 26,955**	**$ 27,946**
Receipts	4,249,955	4,133,349	4,014,710	4,114,374	3,911,480
Disbursements	4,250,961	4,132,884	4,026,135	4,097,285	3,912,471
Net Increase (Decrease) in Cash Balance	**(1,006)**	**465**	**(11,425)**	**17,089**	**(991)**
Ending Cash Balance, September 30	**32,078**	**33,084**	**32,619**	**44,044**	**26,955**
Cash Balance Reserved for Obligations	24,578	28,890	26,818	30,367	2,922
Unobligated Cash Balance, September 30	**$ 7,500**	**$ 4,194**	**$ 5,801**	**$ 13,677**	**$ 24,033**

General Fund and Special Revenue Fund Balances

The fund balances for the General Fund and the Education Trust Fund (ETF) for the last five fiscal years are presented in the following table. The fiscally conservative nature of Amendment 26 tends to produce positive fund balances every year. However, during the 1996 fiscal year, an error was made in the distribution of certain taxes which caused the ETF to have a deficit GAAP balance because it owed the General Fund $29 million to correct the error. The debt between the two funds was cleared in fiscal year 2000. The ETF fund balance increased substantially in 2001 because GASB 33 required the accrual of taxes receivable. The dip in ETF fund balance in 2002 was the result of a dip in tax revenues combined with a delay in payment of corporate tax refunds in that year.

FUND BALANCES - GAAP Basis
(Amounts in Millions)

	2003	2002	2001	2000	1999
General Fund	$ 163.0	$ 152.0	$ 112.0	$ 87.9	$ 90.9
Education Trust Fund	409.2	81.8	326.9	26.4	(13.6)

Economic Condition and Outlook

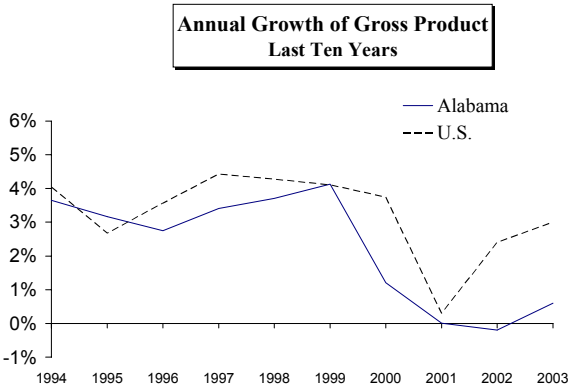
Alabama's economy has followed a path similar to the nation's economy over the past three years; a mild recession in 2001 and recovery since but with three consecutive years of job losses. Employment fell 1.2 percent in both 2001 and 2002 (22,450 and 22,092 jobs, respectively) and 0.7 percent in 2003 (about 13,000 jobs). Most of these job losses were in manufacturing but almost all sectors of Alabama's economy have lost jobs.

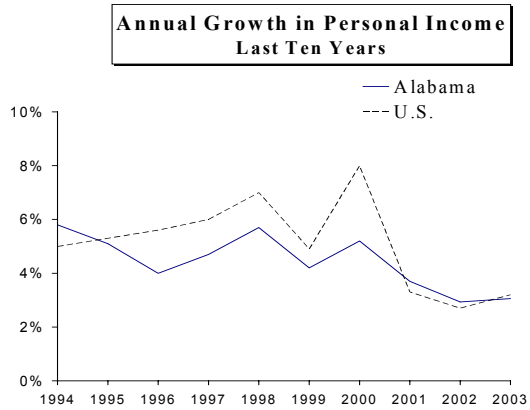
Alabama and the nation are not alone with regard to job losses in manufacturing. A recent study notes that manufacturing employment is declining worldwide. Globalization has been blamed for these job losses but other factors are also major contributors. These include productivity enhancements brought about by technological advancement, excess capacity, and fundamental structural change. Alabama has greatly benefited from globalization by being selected for plants of major manufacturers such as Mercedes, Honda, Hyundai, JVC, Toyota, and their suppliers. These plants tend to be very productive, highly efficient, and provide local citizens with very good, high wage jobs. Global competition also presents challenges for some sectors of the economy, particularly labor-intensive industries. For example, Alabama has lost almost 44,000 manufacturing jobs in the last three years, mostly in labor-intensive manufacturing industries such as apparel and textiles.

Output in the construction sector grew at 2.3 percent in 2003 but a slowdown in both industrial and commercial construction caused it to lose almost 800 jobs. Residential construction remained strong, particularly in Alabama's metropolitan areas. Some major industrial projects are underway in the State including those associated with the automotive industry. In general, both industrial and commercial construction industries grow slowly.

Despite strong consumer spending in recent years, competitive pressure and excess capacity in retailing and the lack of pricing power have hurt the trade sector. These pressures are expected to continue and make job cuts a serious option for retailers to remain profitable. The trade sector lost almost 3,300 jobs in 2003 in spite of the over 3 percent rise in consumer spending.

Alabama's economy is expected to grow by 3.8 percent in 2004 with real output, the total value of goods and services produced (expressed in 1996 dollars), rising to $121.6 billion. With the exception of textiles and apparel, real output is forecasted to increase for all industries. Nonagricultural employment should increase by 0.8 percent with the addition of about 15,500 jobs.





Source: Center for Business and Economic Research, University of Alabama
University Outreach, Auburn University at Montgomery

Major Initiatives

Governor's Efforts to Reduce the Cost of State Government
During his first ninety days in office, the Governor saved more than $210 million within the 2003 and 2004 budgets. Some of the costs which have been cut include: (1) $39 million in pass-through pork blocked, (2) reduced the Governor's office payroll by 20 percent saving $1.2 million, (3) revised the budgets in state agencies by $82.5 million, (4) frozen $29.6 million in annual merit raises, (5) trimmed the state's aviation staff by 60 percent saving $250 thousand, (6) created a preferred prescription drug program for Medicaid saving $30 million, (7) reduced the cost of buying and operating state vehicles by $7 million, (8) trimmed costs through joint-purchasing agreements and other methods saving $11.7 million, (9) lowered the excessive amount of state employee travel saving $6.1 million, (10) ordered the state to renegotiate lease agreements for the ABC stores saving $136 thousand annually, and (11) hired a legal team to end a Department of Transportation lawsuit that costs the state about $500 thousand in litigation fees monthly, totaling $200 million so far.

AMBER Alert System
The Governor announced the activation on June 1, 2003 of Alabama's AMBER Alert program, a voluntary partnership among the Governor's Office, law enforcement agencies and broadcasters to protect Alabama's children. Statistics show that in the most serious child abduction cases, 74 percent of the children murdered by non-family members are killed within the first three hours of their abduction. The AMBER plan focuses on those first critical moments immediately after an abduction occurs to disseminate as much useful information as possible to the public to assist in the search for the child.

Alabama and Mississippi Economic Development Partnership
The Governors of Alabama and Mississippi signed a letter of intent on June 10, 2003 to begin an economic development collaboration in the neighboring east and west regions of the two states. The Black Belt's poverty stretches across the state line, and so does the lack of opportunity. Governor Riley said he envisions an industrial park located partially in Alabama and partially in Mississippi, with both states sharing in the expenses of recruiting a major industry, and also sharing the economic impact of jobs and revenue. Combining the efforts and talents of both states' congressional delegations will provide an extra incentive for automobile, aerospace and other companies to choose the location.

Alabama Department of Homeland Security
The Governor signed a bill on June 18, 2003 making Alabama the first state to establish a Department of Homeland Security. The department will coordinate efforts to prevent terrorism, protect citizens and respond to acts of terrorism. It will be similar to the federal department created after the 2001 attacks on the World Trade Center and the Pentagon.

Department of Transportation
On July 22, 2003, the 11th U.S. Circuit Court of Appeals ruled for the State on two points of the Reynolds anti-discrimination lawsuit against the Department of Transportation and, in its written opinions, signaled its readiness for the long continuing litigation to come to an end. Bringing this costly lawsuit to a rapid end is one of this administration's priorities. Many think the strong stand was the result of an unprecedented letter the Governor sent to the court asking for their help in bringing the lawsuit to a resolution.

Plans for Mental Health Consolidation
On August 15, 2003, the Governor announced his approval of the Mental Health Commissioner's plan to consolidate several of the State's facilities for mental health services. Improved services can be provided to more clients while, at the same time, saving taxpayer dollars. The large majority of persons served by the department are served through community contract providers throughout the State. Alabama has served as a national pace setter for the development of community based mental health care, due in part to the Wyatt case and it's emphasis on reduced census in State facilities and the development of quality community services. The Alabama consolidation plan has received broad support from advocacy groups across the State.

New Jobs in Alabama's Future
In February 2003, the Governor announced that Boeing will bring 160 additional high-paying jobs to its Delta launch vehicle manufacturing and assembly plant in Decatur. In April the Governor announced two new Hyundai supplier plants to be located in Lowndes County. Also, in April the Governor announced that Samlip Industrial Company will invest more than $53 million and hire up to 400 employees in Alexander City. In June 2003, the Governor announced that Brose Corporation will build a $13 million automobile supplier plant in Tuscaloosa, bringing 80 new jobs to Alabama.

Financial Information

The MD&A provides an overview of the State's financial activities addressing both governmental and business-type activities reported in the government-wide financial statements. In addition, MD&A focuses on the State's major funds such as the General Fund, Education Trust Fund, Alabama Trust Fund, and Unemployment Compensation Trust Fund.

Cash Management

The State Treasurer has the responsibility for the investment of cash balances. Due to statutory requirements, treasury cash is primarily invested in time deposit - open accounts, repurchase agreements with Alabama banks, and agency securities.

The State Treasurer has placed considerable emphasis on cash management. In cooperation with State agencies, the receiving of funds into the State Treasury is expedited, with all available funds being invested. Interest earnings during the 2002-2003 fiscal year were as follows:

Time Deposit - Open Accounts- Regular	$ 10 million
Time Deposit - Open Accounts- Linked Deposits	$ 435 thousand
Repurchase Agreements	$ 7 million
Other Investments	$ 1 million

Interest income is deposited in the State's General Fund to be appropriated by the Legislature for government operations. In addition to the management of the investment of these funds, the State Treasurer has statutory authority to invest for several state agencies, with interest earnings being credited to those agencies.

Debt Administration

Alabama has traditionally received high bond ratings from both Standard and Poor's Corporation and Moody's Investors Service due in large part to the commitment to sound fiscal management. Currently, the exception is the upper medium bond ratings for the Tobacco Settlement Revenue Bonds issued by the Alabama 21st Century Authority, a component unit of the State. Both the Alabama Constitution and the statutes require a balanced budget for annual financial operations. The State Constitution prohibits the issuance of debt. Therefore, the only way to issue general obligation debt is by amending the Constitution through a statewide vote of the people. The State does issue revenue bonds which are limited obligations of public corporations governed by State officials. Those revenue bonds are backed by a pledge of specific revenue sources for which the annual collections are generally predictable. The total outstanding general obligation bond indebtedness as of September 30, 2003, was $490.1 million and the total outstanding revenue bond indebtedness for the primary government was $677.4 million. The total outstanding revenue bond indebtedness for component units was $5.041 billion. The total outstanding bond indebtedness for the reporting entity at September 30, 2003, was $6.2 billion. The State's general obligation bond debt per capita increased to $109 during the year. The ratio of general obligation bond debt to assessed property valuation rose to 1.11 percent, and the ratio of general obligation debt to personal income increased to 0.43 percent.

The State of Alabama issued no general obligation bonds in fiscal year 2003. The Alabama Public School and College Authority issued $27,705,000 in new bonds. The Water Pollution Control Authority issued $30,985,000 in new bonds. The Housing Finance Authority issued $75,268,000 in new bonds and called approximately $167,583,000 of bonds in advance of their scheduled maturities. The University of Alabama in Birmingham issued $81,385,00 in refunding bonds. The refunding bonds were used to refund all outstanding Series 1993 bonds. The Alabama Water Pollution Control Authority issued $64,035,000 in refunding bonds. The refunding bonds were used to refund all outstanding Series 1992Aand 1992B bonds. The University of Alabama in Tuscaloosa issued $54,610,000 in new bonds. The University of Alabama in Huntsville issued $1,335,000 in new bonds. Auburn University issued $87,005,000 in refunding bonds. The refunding bonds were used to refund all outstanding Series 1993 bonds. The University of Montevallo issued $3,385,000 in new bonds. Jacksonville State University issued $15,000,000 in new bonds. The Tennessee Valley Exhibit Commission issued $2,610,000 in refunding bonds. The refunding bonds were used to refund all outstanding Series 1992 bonds. The Alabama Corrections Institution Finance Authority issued $4,000,000 in new bonds and $17,530,000 in refunding bonds. The refunding bonds were used to refund all outstanding Series 1993B bonds. The State Industrial Development Authority issued $5,000,000 in new bonds. Alabama State University issued $25,000,000 in new bonds.

Pension Trust Funds

The State operates three major pension funds, the Teachers' Retirement System (TRS), Employees' Retirement System (ERS), and Judicial Retirement Fund (JRF). Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the respective retirement systems' funding status on a going-concern basis. Analysis of this percentage over time indicates whether the respective system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement system. Percentages funded as of the latest actuarial valuation date, September 30, 2002, for ERS (State employees and State policemen) and JRF were 97.2 and 84.7 percent, respectively. The percentage funded for TRS as of June 30, 2003, was 93.6 percent.

Risk Management

The State manages risk through risk control and risk financing to minimize the adverse effects of certain types of losses. Risk control is managed by such means as encouraging that automatic sprinkler systems in insured properties are adequate and in full functioning order, carefully investigating and defending claims to minimize loss potential, managing care programs, and promoting healthy employee programs. Risk financing includes self-insurance plus excess insurance and reinsurance through several different funds. The State Insurance Fund, which insures property against fire and casualty losses, has excess insurance and reinsurance to cover any additional damage amounts, plus earthquake and flood damage. The General Liability Trust Fund protects state employees against the risk of loss from employment-related liability claims. Automobile liability is fully reinsured. The State Employee Injury Compensation Trust Fund, which provides benefits to eligible state employees for job-incurred injuries, is self-insured. The State Employees' Insurance Fund, which provides health insurance benefits for current and retired state employees and their dependents, is self-insured. The Public Education Employees' Health Insurance Fund, which provides health benefits for current and retired employees and their dependents of state educational institutions, is also self-insured.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Alabama for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2002. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Production of this report would not have been possible without the assistance of all state organizations which supplied financial information vital to the accuracy of this report. As we strive to produce this report in future years and to further enhance its quality, the continued support and cooperation of all agencies remain essential. I also express my appreciation to my entire staff in the Division of Control and Accounts, whose daily efforts to improve the accountability of state government make the quality of this report possible.

Respectfully submitted,

Robert L. Childree
State Comptroller

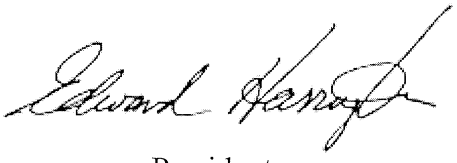
Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

PRINCIPAL STATE OFFICIALS

September 30, 2003

EXECUTIVE BRANCH

Bob Riley
Governor

Lucy Baxley
Lt. Governor

Kay Ivey
State Treasurer

Nancy Worley
Secretary of State

Ron Sparks
Commissioner of Agriculture and Industries

William H. Pryor, Jr.
Attorney General

Beth Chapman
State Auditor

JUDICIAL BRANCH

Roy Moore (suspended)
Chief Justice of the Supreme Court

Justices of the Supreme Court

Jean Williams Brown

Robert Bernard Harwood, Jr.

J. Gorman Houston, Jr. (Acting Chief)

Douglas Inge Johnstone

Champ Lyons, Jr.

Harold F. See

Lyn Stuart

Thomas A. Woodall

LEGISLATIVE BRANCH

Lowell Ray Barron
Senate President, Pro Tempore

Seth Hammett
Speaker of the House

Ronald L. Jones
Examiners of Public Accounts

Joyce Bigbee
Legislative Fiscal Office

Jerry Bassett
Legislative Reference Service

EXECUTIVE BRANCH DEPARTMENTS

Drayton Nabers
Department of Finance

Emory Folmar
ABC Board

Neal Wade
Alabama Development Office

Irene Collins
Department of Senior Services

Anthony Humphries
State Banking Department

Barnett Lawley
Department of Conservation and Natural Resources

Col. Mike Coppage
Department of Public Safety

James K. Lyons
Alabama State Port Authority

William C. Segrest
Board of Pardons and Paroles

John Harrison
ADECA

Maj. Gen. Mark Bowen
State Military Department

Bill Fuller
Department of Human Resources

Jim Bennett
Department of Labor

Kathy E. Sawyer
Department of Mental Health and Mental Retardation

Lee Sentell
Bureau of Tourism and Travel

Dr. Page Walley
Department of Children's Affairs

Donal Campbell
Department of Corrections

Bruce Baughman
Emergency Management Agency

Joe McInnes
Department of Transportation

Phyllis Kennedy
Department of Industrial Relations

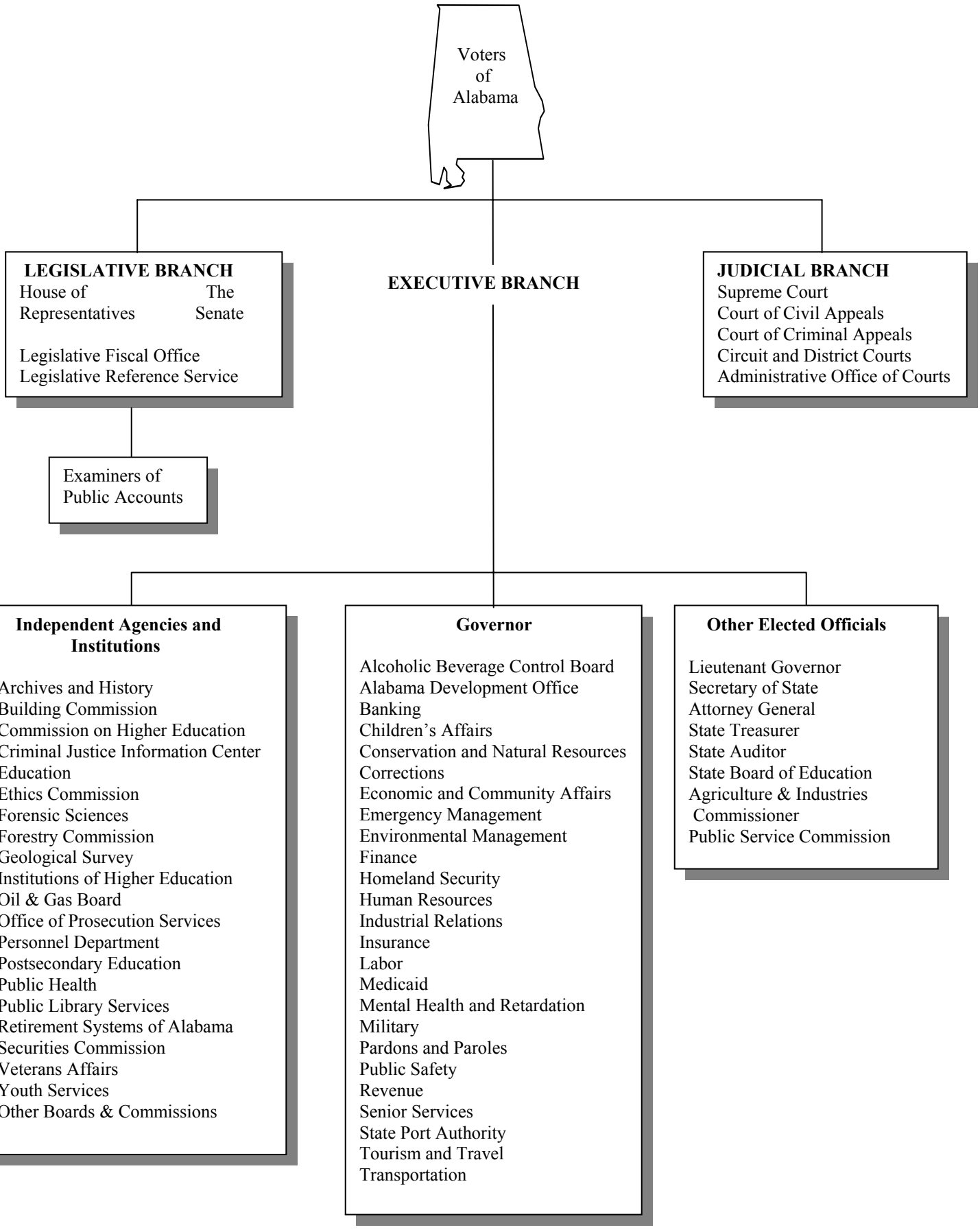
Mike Lewis
Alabama Medicaid Agency

Dwight Carlisle
Department of Revenue

Walter A. Bell
Department of Insurance

Jim Walker
Office of Homeland Security

ORGANIZATION CHART



ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
TALLAPOOSA
CAHABA R.
RIVER
MISSISSIPPI
GEORGIA
RIVER
ALABAMA
TOMBIGBEE
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

FINANCIAL SECTION

State of Alabama
Department of
Examiners of Public Accounts

Ronald L. Jones
Chief Examiner

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama, as of and for the year ended September 30, 2003, which collectively comprise the State of Alabama's basic financial statements listed in the table of contents. These financial statements are the responsibility of the State of Alabama Department of Finance and management of the State of Alabama. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Employees' Retirement System, the Teachers' Retirement System, the Public Employees' Individual Retirement Account Fund, the Public Employees' Individual Retirement Fund/Deferred Compensation Plan (RSA-1), the Public Education Employees' Health Insurance Fund, the State Employees' Insurance Board, the Alabama Health Insurance Plan, the Local Government Health Insurance Program, the Alabama Educational Television Foundation Authority, the Alabama Higher Education Loan Corporation, and the Alabama Space Science Exhibit Commission, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2004, on our consideration of the State's internal control over financial reporting and our tests of the State of Alabama's compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Required Supplementary Information, listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alabama's basic financial statements. The introductory section, the combining and individual fund statements and schedules, and the statistical section, listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

RONALD L. JONES
Chief Examiner of Public Accounts

March 31, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the State of Alabama for the fiscal year ended September 30, 2003. Please consider the information presented here in conjunction with the letter of transmittal, which is located in the Introductory Section of this report, and the State's financial statements, which immediately follow this discussion and analysis.

Financial Highlights

- The State's net assets increased by $997.4 million during fiscal year 2003. The assets of the State exceeded its liabilities at the close of the fiscal year by $9.6 billion (*net assets*). Of this amount, $4.9 billion was invested in capital assets (net of related debt), $2.2 billion was in the Alabama Trust Fund, and another $2.0 billion was restricted for various purposes. The remaining $429 million in net assets was unrestricted.
- The Change in Net Assets in governmental activities was a positive $1.05 billion. However, $499.6 million of this can be attributed to the capitalization of infrastructure and construction in progress. An additional $200 million can be attributed to the State eliminating the previous year's backlog of corporate tax refunds.
- The business-type activities reported net assets at year-end of $972 million, a decrease of $49 million for the fiscal year.
- The State's total debt at the end of the fiscal year was $1.498 billion, a decrease of $35 million, which represents the net difference between new issuances and payments and refundings of outstanding debt. During the year the State issued $29 million in new revenue bonds. There were no new general obligation bonds during fiscal year 2003, and the payments on general obligation bonds totaled $48 million during the year.
- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of $4.4 billion. Approximately $1.4 billion of this amount is unreserved fund balance.
- On a budgetary basis, General Fund revenues and other sources exceeded expenditures and other uses by $83 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by $11 million. The Budgetary Comparison Schedule in Required Supplementary Information reconciles these amounts and lists the accounting basis differences and timing differences.

Overview of the Financial Statements

This discussion and analysis is an introduction to the State of Alabama's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* provide a broad overview of the State's financial position and activities measured in a manner similar to a private-sector business. Assets, liabilities, revenues, expenses, gains, and losses are measured and reported using the economic resources measurement focus and accrual basis of accounting. The government-wide financial statements exclude fiduciary activities.

The *Statement of Net Assets* presents information on all of the State's assets and liabilities at the end of the fiscal year. The difference between the State's assets and its liabilities is its net assets. Increases or decreases in net assets from year to year may serve as a useful indicator of whether the financial position of the State is improving or not.

The *Statement of Activities* presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the State include general government, economic development and regulation, education and cultural resources, natural resources and recreation, health- physical and mental, social services, protection of persons and property, and transportation. Examples of business-type activities of the State are operation of the State's system of community and technical colleges, unemployment compensation services, operation of facilities for the distribution and sale of alcoholic beverages, and services for shippers at the Port of Mobile.

The government-wide financial statements include not only the State of Alabama itself (known as the *primary government*), but also legally separate *component units* for which the State is financially accountable. The major *component units* include the Public School and College Authority, Housing Finance Authority, Water Pollution Control Authority, Department of Mental Health, University of Alabama, Auburn University, and University of South Alabama. Financial information for the *component units* is reported in a separate column from the financial information presented for the primary government. The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A *fund* is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds
Most of the State's basic services are reported in *governmental funds*. The governmental fund financial statements focus on near-term inflows and outflows of resources of these funds and the balances of those resources available at year-end. These funds are measured and reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances are followed by a reconciliation to the government–wide statements.

The types of funds which are categorized as governmental funds are the *General Fund, special revenue funds, capital projects funds*, *debt service funds, and permanent funds*. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Alabama Trust Fund, Education Trust Fund, Public Road and Bridge Fund, Public Welfare Trust Fund, and Alabama Medicaid Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated column on the basic financial statements. Individual fund data for each of the nonmajor governmental funds can be found in the combining and individual fund statements and schedules section of this report.

Proprietary funds
Services for which the State charges customers a fee are generally reported in *proprietary funds*. The State maintains two different types of proprietary funds: enterprise funds and internal service funds. Like the government-wide statements, proprietary funds use the accrual basis of accounting.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. These funds report activities that provide supplies and services to the general public in a manner similar to private business enterprises. The major enterprise funds are the Unemployment Compensation Trust, State Port Authority, Alabama College System, Public Education Employees' Health Insurance Plan, and the Alcoholic Beverage Control Board. The major enterprise funds are each presented in separate columns, but the nonmajor enterprise funds are aggregated in a single column.

Internal service funds report activities that provide supplies and services to other state agencies on a cost-reimbursement basis. These funds are reported as governmental activities on the government-wide financial statements. These funds provide computer services, information technology, telecommunications, rental of office buildings, janitorial services, building maintenance, printing services, manufacturing activities, health insurance coverage for state employees, and liability protection. The internal service funds are aggregated in a single column on the proprietary fund statements.

Fiduciary funds
The State acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These funds, which include *pension and other employee benefits, private-purpose, and agency funds* are reported using accrual accounting. The government-wide financial statements exclude fiduciary fund activities and balances because the resources of those funds are not available to support the State's own programs.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements. They explain amounts shown in the financial statements and provide additional information that is essential to the fair presentation of the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes (1) budgetary comparison schedules reconciling the budgetary fund balances and generally accepted accounting principles fund balances at fiscal year-end, (2) information about infrastructure assets reported using the modified approach, and (3) a schedule of funding progress for the Employees' Retirement System.

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor discretely presented component units. These funds are added together by fund type and presented in single columns in the basic financial statements.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. The State's combined assets exceeded liabilities by $9.58 billion as of September 30, 2003.

The largest component (51.3%) of the State's net assets reflects its investment in capital assets, such as land, buildings, equipment, and infrastructure (e.g., roads, bridges, tunnels), less any related debt used to acquire those assets that is still outstanding. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

90.8 percent of the State's net assets that are unrelated to capital assets are restricted and represent resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance of $429 million is unrestricted net assets and may be used to meet the State's ongoing obligations that are not funded by resources that are restricted. Internally imposed designations of resources are not presented as restricted net assets.

At the end of fiscal year 2003, the State was able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

Net Assets as of September 30
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Current and Other Assets	$ 5,644,192	$ 5,276,220	$ 803,498	$ 839,169	$ 6,447,690	$ 6,115,389
Capital Assets	5,002,890	4,501,486	734,617	724,609	5,737,507	5,226,095
Total Assets	10,647,082	9,777,706	1,538,115	1,563,778	12,185,197	11,341,484
Long-term Liabilities	1,064,592	1,125,195	331,013	315,544	1,395,605	1,440,739
Other Liabilities	975,864	1,092,799	235,312	226,999	1,211,176	1,319,798
Total Liabilities	2,040,456	2,217,994	566,325	542,543	2,606,781	2,760,537
Net Assets						
Invested in Capital Assets, Net of Related Debt	4,488,200	3,814,155	425,588	433,667	4,913,788	4,247,822
Restricted	3,869,559	3,145,156	365,594	470,196	4,235,153	3,615,352
Unrestricted	248,839	600,401	180,608	117,372	429,447	717,773
Total Net Assets	$ 8,606,598	$ 7,559,712	$ 971,790	$ 1,021,235	$ 9,578,388	$ 8,580,947

The following table was derived from the government-wide Statement of Activities. As a result of the excess of revenues over expenses, the State's net assets increased by $997.4 million during fiscal year 2003. $511.4 million of this increase was the result of increases in the amount of capital assets reported, of which $499.6 million of the increase came from infrastructure alone. Taxes Receivable rose by $313 million, partly because of an improved economy but mostly because the State was $200 million behind in processing corporate tax refunds in the previous year. While the amount owed to corporations in the previous year should have been reported as a payable rather than netted against Taxes Receivable, the overall effect on net assets is the same. Taxes provided $5.7 billion, or approximately 36 percent, of the State's total revenue. Education and Cultural Resources made up $4.645 billion, or 31 percent, of the State's expenses, and $4.217 billion, or 28 percent, was spent on Health-Physical and Mental. Over $3.58 billion in that category was spent on Medicaid programs.

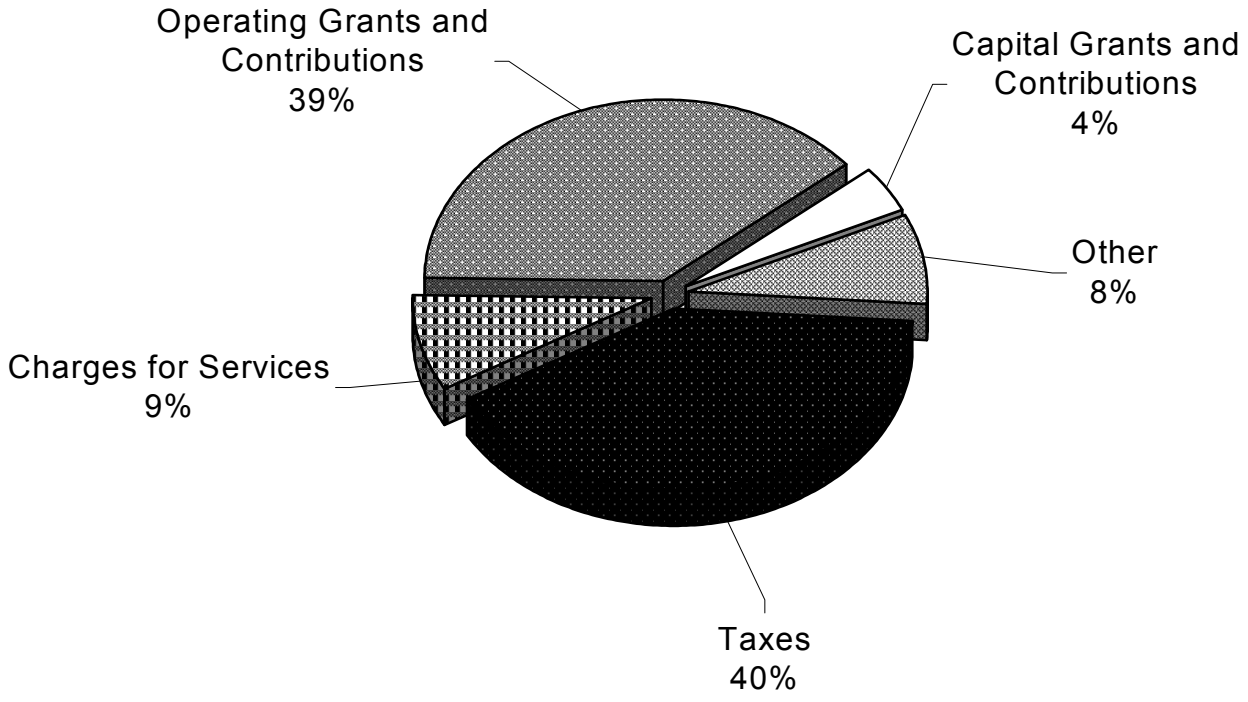
Changes in Net Assets
For the Fiscal Year Ended September 30
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues:						
Charges for Services	$ 1,214,137	$ 1,204,554	$ 1,389,659	$ 1,270,127	$ 2,603,796	$ 2,474,681
Operating Grants and Contributions	5,427,425	5,106,726	324,201	265,245	5,751,626	5,371,971
Capital Grants and Contributions	593,673	802,218	21,121	12,960	614,794	815,178
General Revenues:					0	0
Taxes	5,706,573	5,215,814	7,790	7,440	5,714,363	5,223,254
Grants and Contributions Not					0	0
Restricted to Specific Programs	84,231	7,018	1,806	112,684	86,037	119,702
Investment Earnings	210,143	113,966	29,605	27,253	239,748	141,219
Miscellaneous	859,220	811,940	2,026	2,045	861,246	813,985
Total Revenues	14,095,402	13,262,236	1,776,208	1,697,754	15,871,610	14,959,990
Expenses:						
Economic Development and Regulation	63,623	66,746			63,623	66,746
Education and Cultural Resources	4,644,971	4,518,810			4,644,971	4,518,810
Natural Resources and Recreation	100,644	93,134			100,644	93,134
Health- Physical and Mental	4,217,076	4,173,023			4,217,076	4,173,023
Social Services	1,511,438	1,425,124			1,511,438	1,425,124
Protection of Persons and Property	692,104	647,709			692,104	647,709
Transportation	568,667	851,219			568,667	851,219
General Government	563,819	491,251			563,819	491,251
Distributions to Local Governments	367,461	378,405			367,461	378,405
Capital Outlay	48,636	19,745			48,636	19,745
Debt Service - Interest and Other Charges	43,493	64,538			43,493	64,538
Unemployment Compensation			409,852	404,133	409,852	404,133
State Port Authority			74,894	66,988	74,894	66,988
Alabama College System			593,278	545,491	593,278	545,491
Alcoholic Beverage Control Board			177,003	170,550	177,003	170,550
Public Education Employees' Health Insurance			667,564	581,877	667,564	581,877
Nonmajor Proprietary Funds			130,057	114,199	130,057	114,199
Total Expenses	12,821,932	12,729,704	2,052,648	1,883,238	14,874,580	14,612,942
Increase (Decrease) in Net Assets Before Contributions and Transfers	1,273,470	532,532	(276,440)	(185,484)	997,030	347,048
Contribution to Permanent Fund Principal	204	680	207	174	411	854
Transfers	(226,788)	(216,423)	226,788	216,423	0	0
Change in Net Assets	1,046,886	316,789	(49,445)	31,113	997,441	347,902
Net Assets- Beginning- Restated	7,559,712	7,242,923	1,021,235	990,122	8,580,947	8,233,045
Net Assets- Ending	$ 8,606,598	$ 7,559,712	$ 971,790	$ 1,021,235	$ 9,578,388	$ 8,580,947

Governmental Activities

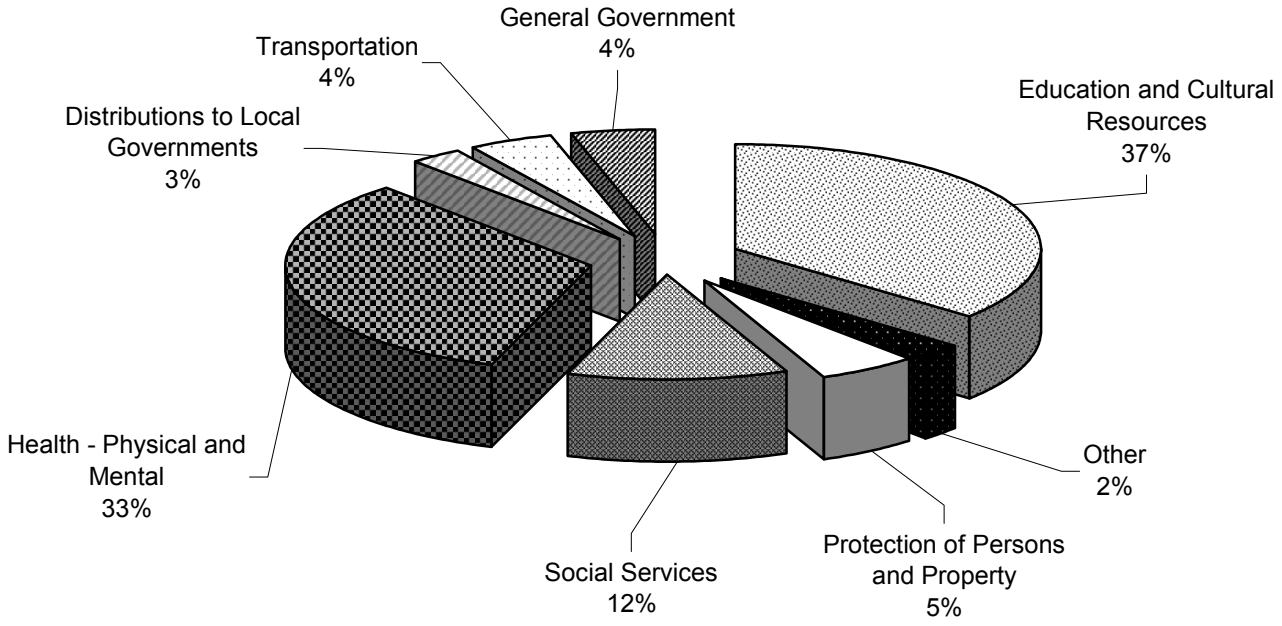
Revenue from all tax types represents 40 percent of total governmental revenues earned during fiscal year 2003. Total revenues for the governmental activities in fiscal year 2003 were $14.1 billion. General revenues of the governmental activities were $6.9 billion, of which the largest components are income taxes of $2.5 billion and sales and use taxes of $1.7 billion.

Revenues - Governmental Activities
Fiscal Year Ended September 30, 2003



The two largest activities (1) Education and Cultural Resources and (2) Health- Physical and Mental together accounted for 70 percent of the governmental activities expenses for fiscal year 2003. Social Services accounted for 12 percent of the governmental activities expenses.

Expenses - Governmental Activities
Fiscal Year Ended September 30, 2003



Business-type Activities

Net assets of the business-type activities decreased by $49 million during fiscal year 2003. Revenues of business-type activities totaled $1.8 billion. These activities generated program revenues of $1.735 billion and general revenues of $41 million. The program revenues consisted of $1.39 billion of charges for services, $324 million of operating grants and contributions, and $21 million of capital grants and contributions. The total expenses for business-type activities were $2.053 billion. The largest business-type activities involved the Public Education Employees' Health Insurance Plan, Alabama College System and Unemployment Compensation services. The net assets of the Alabama College System increased by $52.4 million, the net assets of the Unemployment Compensation Trust decreased by $72.3 million and the Public Education Employees' Health Insurance Plan decreased by $37.8 million.

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2003, the governmental funds reported combined ending fund balances of $4.4 billion. Of this total amount, $2.53 billion is reserved and is not available for spending because it has already been legally dedicated for various contractual commitments, court settlements, and other purposes. The largest total reserved amount of $2.27 billion is for the Alabama Trust Fund which is a special revenue fund. The Alabama Trust Fund originally was a permanent fund but is now a special revenue fund because of an amendment to the *Constitution of Alabama* which allows spending of principal equal to the previous year's unrealized gains. A portion of the reserved balance of the Alabama Trust Fund is $68 million, and it is legally reserved as an Education Rainy Day Account for the Education Trust Fund. $474 million of the Governmental Funds has been designated for various capital projects and debt service, leaving $1.4 billion as unreserved and undesignated.

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unreserved fund balance of the General Fund was $158 million, and reserved fund balance was $5 million. Total fund balance increased by $11 million during the fiscal year. Tax revenue was down by $42 million. Because of federal grants and reimbursements of $76 million the total revenue was actually $23 million more than last year. The federal government approved a one-time funding to help the states. Alabama's share was $150 million. The funds that were received and not used in fiscal year 2003 will be used in fiscal year 2004. Expenditures increased by $34 million. Protection of Persons and Property increased $40 million. $30 Million of this increase was for the Department of Corrections. Health – Physical and Mental decreased $12 million mainly because the fiscal year 2003 budget for the Medicaid Agency was $10 million less than fiscal year 2002.

The Education Trust Fund (ETF) is the largest governmental fund of the State. Revenues credited to the ETF are used for the support, maintenance, and development of public education in Alabama, debt service and capital improvements related to educational facilities, and other functions related to educating the State's citizens. Programs and agencies supported by the ETF include K-12 education, public library services, performing and fine arts, various scholarship programs, the State's education regulatory departments, and two and four-year colleges and universities. Funding from the ETF is also provided to non-state agencies that provide educational services to the people of Alabama, including the arts, disease counseling and education, and youth development. Various tax sources are allocated to the ETF, the largest of which are income tax, sales tax, utility tax, and use tax. Tax revenues for fiscal year 2003 were up approximately $583 million as compared to fiscal year 2002 but the expenditures increased by $93 million. The fund balance increased by approximately $340 million because of an increase in tax revenue, elimination of a $200 million backlog in corporate income tax refunds, and an improved economy.

The Alabama Trust Fund consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast. Investment income is used to support the General Fund, Forever Wild Land Trust, and a variety of state and local capital projects and debt service. During the 2003 fiscal year, the Alabama Trust Fund's total fund balance increased by $90 million. Investment income and other revenues increased by $284 million. The $121 million increase in the investment income is a result of the growing economy. Other revenues, which consist mainly of natural gas royalties, increased by $163 million. This increase was primarily due to the fluctuation of the price of natural gas, but compensatory damages from lawsuit settlements and a one percent increase in production from fiscal year 2002 to fiscal year 2003 also contributed to this increase.

Medicaid accounts for the portion of the Medicaid program that is funded by Federal revenues and other non-state revenue sources. Total fund balance for Medicaid increased by $14 million as compared to a decrease in fiscal year 2002 of $96 million. Other revenue, which consists primarily of disproportionate public hospital receipts, increased $73 million. The federal medical assistance percentage also increased from fiscal year 2002 to fiscal year 2003.

The Public Road and Bridge Fund is the general operating fund of the Department of Transportation and receives all state revenues for that department, all federal aid reimbursements, and all miscellaneous receipts. Amendment No. 23 (as amended by Amendment No. 354) to the *Constitution of Alabama* provides that monies derived from any fee, excise or license taxes levied by the State on motor fuels shall be expended for the cost of construction, reconstruction, maintenance and repair of public highways and bridges; the cost of highway rights-of-way; the payment of highway obligations; the cost of traffic regulations; and the expense of enforcing state traffic and motor vehicle laws. Revenues and expenditures decreased in fiscal year 2003 as compared to fiscal year 2002. The expenditures for fiscal year 2003 decreased primarily because of weather conditions. The decrease in federal grants and reimbursements were lower because of a decrease in the expenditures for the construction programs that are federally-funded. The fund balance decreased by $9 million to a total fund balance of $480 million. $97 million of that fund balance is committed in the form of encumbrances for various contracts and purchase orders, $18 million is in inventory of materials on hand, and $35 million is reserved by statute for replacement of equipment. The remaining $330 million is unreserved and will be used for the general purposes of the fund in the future.

The Public Welfare Trust Fund accounts for the administration of a broad range of social and protective service programs that provide financial assistance to individuals. The Public Welfare Trust Fund total fund balance decreased by $1 million in fiscal year 2003. That amount is less than one percent of the fund revenues and fund expenditures for the year and thus is within the range of normal annual fluctuation for fund balance.

Proprietary Funds

The State's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net assets for all enterprise funds decreased by $49 million in fiscal year 2003. The net assets of the Unemployment Trust Fund decreased by $72 million in fiscal year 2003 as compared to a decrease of $12 million in fiscal year 2002. The fiscal year 2003 other nonoperating revenues as compared to fiscal year 2002 for the Unemployment Compensation Trust decreased by $100 million primarily because of Federal Reed Act funds received in fiscal year 2002. Also, the weekly maximum unemployment compensation was increased effective July, 1, 2002 from $190 to $210. The State Port Authority's increase in net assets for fiscal year 2003 was $5 million. A significant contributor to this increase in net assets was $12 million in fiscal year 2003 as compared to $7 million in fiscal year 2002 revenue recognized related to capital grants and contributions for reimbursement of capital costs. The Alabama College System's net assets increased $52 million as compared to $41 million in fiscal year 2002. The Alcoholic Beverage Control Board's net assets remained consistent from the prior year. The Board is required by law to distribute all of its profits and cannot own real property; therefore, net assets generally will always remain at a slight deficit. The Public Education Employees' Health Insurance Plan decreased by $38 million because of an increase in claims expense as a result of rising healthcare costs.

Budgetary Highlights

General Fund

The budget for the General Fund was increased by approximately $53 million during fiscal year 2003. $45 million of this increase was recorded as expenditures and $8 million as Transfers Out on the Budgetary Comparison Schedule. Supplemental appropriations were approximately $40 million. Conditional and other appropriations were approximately $13 million. Conditional appropriations were mentioned in the original General Fund appropriation bill, but none of the agencies included conditional amounts in their original budgets. Some expenditures are required by law to be fully funded, and estimated amounts are approved in the General Fund appropriation bill. Increases to these estimated amounts do not require a new bill and are included as other appropriations. Emergency appropriations cannot exceed two percent of the total amount appropriated. In fiscal year 2003 there were no emergency appropriations. The largest increase in the budget was approximately $30 million for the Department of Corrections. These funds were appropriated to bring the Department of Corrections into full compliance with the February 14, 2003 court order issued from the Circuit Court of Montgomery. On a budgetary basis, General Fund revenues and other sources exceeded expenditures and other uses by $83 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by $11 million. The Budgetary Comparison Schedule in Required Supplementary Information reconciles these amounts and lists the accounting basis differences and timing differences.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2003, the State had invested $5.7 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for the fiscal year totaled $96.4 million.

Capital Assets as of September 30
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Capital Assets Not Being Depreciated:						
Land	$ 128,693	$ 123,425	$ 50,893	$ 50,193	$ 179,586	$ 173,618
Construction In Progress	21,585	11,498	25,300	37,045	46,885	48,543
Historical Exhibits	4,912	4,912	2,350	2,350	7,262	7,262
Construction In Progress - Infrastructure	3,569,819	3,263,759			3,569,819	3,263,759
Infrastructure	562,354	368,785			562,354	368,785
Total Capital Assets Not Being Depreciated	4,287,363	3,772,379	78,543	89,588	4,365,906	3,861,967
Capital Assets Being Depreciated:						
Buildings	927,488	912,217	855,455	820,987	1,782,943	1,733,204
Machinery & Equipment	485,643	504,177	319,505	300,098	805,148	804,275
Total Capital Assets Being Depreciated	1,413,131	1,416,394	1,174,960	1,121,085	2,588,091	2,537,479
Less Accumulated Depreciation	697,604	687,287	518,886	486,064	1,216,490	1,173,351
Total Capital Assets Being Depreciated, Net	715,527	729,107	656,074	635,021	1,371,601	1,364,128
Capital Assets, Net	$ 5,002,890	$ 4,501,486	$ 734,617	$ 724,609	$ 5,737,507	$ 5,226,095

As allowed by GASB Statement No. 34, the State has adopted the modified approach to reporting roadway and bridge infrastructure assets. Under the modified approach, the State expenses maintenance and preservation costs and does not report depreciation expense. As also allowed by GASB Statement 34, the State has elected to phase in the reporting of infrastructure. The cost of infrastructure reported this year represents only the amount of infrastructure capitalized in the current year. The cost reported as Infrastructure Construction in Progress represents road and bridge construction projects not yet complete. The amount of infrastructure completed and capitalized in years prior to fiscal year 2002 is not expected to be reported until next year.

Extensive project documentation is required to meet various federal and state guidelines concerning the construction of infrastructure. The completeness of this documentation affects the timing of project capitalization. The State capitalizes infrastructure when all costs for a project are incurred and all project documentation is satisfactorily completed, filed and accepted with the appropriate entities. Projects that meet the cost and documentation criteria are closed, and appropriate entries are made to adjust the Infrastructure Construction in Progress and Infrastructure asset accounts annually. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service on the State's roadway network and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred.

Roadway assets accounted for under the modified approach included approximately 10,846 miles of State maintained highways. The State maintains an asset management system to measure and monitor the condition of those highways. The State expects to maintain the roads at a rating within the range of 55-70, which is considered "satisfactory," meaning that only routine patching and sealing maintenance is required. The measured average rating of the roadways in the most recent condition assessment actually exceeded the State's goal, with a weighted average rating of 78.9.

The State maintains 5,583 bridges and culverts. The State expects those bridges and culverts to be maintained at a rating within the range of 5 - 6.99, which is considered "satisfactory," meaning the structural elements are sound but have minor deterioration. The actual weighted average rating for the most recent condition assessment was 6.69, in the upper end of the satisfactory range.

In both fiscal years 2003 and 2002, the State estimated it would need to spend $205 million to preserve and maintain all roadway and bridge assets at or above the State's established condition levels. In fiscal years 2003 and 2002, the State spent $124 million and $186

million, respectively for maintenance and preservation of the roadway and bridge assets. Even though actual spending on maintenance and preservation of infrastructure of infrastructure assets fell below estimated, condition levels are expected to continue to meet or exceed the State's established condition levels, as supported by the most recent condition assessment.

More detailed information about the State's capital assets is presented in Note 3 to the financial statements and in the Required Supplementary Information section.

Long-term Debt

The only method under which general obligation debt can be incurred is by amendment to the *Constitution of Alabama*. The debt prohibition does not apply to debts incurred by separate public corporations functioning as State instrumentalities. The revenue bonds issued by these corporations are limited obligations of the corporation, not general obligations of the State, and the full faith and credit of the State is not pledged for their repayment. Certain revenues, usually earmarked taxes or revenues generated from the project financed, are pledged for the payment of the debt. Some of these corporations are blended with the primary government, and some are reported discretely. The State and its component units issue serial and term bonds and capital appreciation bonds. Alabama has traditionally received high bond ratings from both Standard and Poor's Corporation and Moody's Investors Service. Currently, the exception is the upper medium bond ratings for the Tobacco Settlement Revenue Bonds issued by the Alabama 21st Century Authority, a component unit of the State.

Outstanding Bonded Debt as of September 30
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds	$ 490,085	$ 535,079			$ 490,085	$ 535,079
Revenue Bonds	369,327	386,890	308,061	299,508	677,388	686,398
Total	$ 859,412	$ 921,969	$ 308,061	$ 299,508	$ 1,167,473	$ 1,221,477

The Alabama Corrections Institution Finance Authority and the Alabama College System issued new revenue bonds in the amounts of $4 million and $25 million, respectively. More detailed information regarding the State's long-term debt is presented in Note 4 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The fiscal year 2004 budget has certain appropriation reductions for the General Fund and Education Trust Fund, which amount to approximately $171 million and $202 million, respectfully. The non-state agencies, flow-through appropriations, and other non-essential functions are cut by 75 percent. The General Fund appropriations for the State agencies are cut between 10 percent and 18 percent, and unspecified pass-through grants were eliminated. Fiscal year 2005 across-the-board cuts for State agencies could be 7 percent. The Governor has proposed a fiscal year 2005 budget that contains reductions of $118 million for the Education Trust Fund and $196 million for the General Fund budget in addition to the cuts made in the budgets for fiscal year 2003 and fiscal year 2004. The growth in healthcare costs has created much of the budget shortfalls. Also, there will be reductions in the fiscal year 2005 budget because of one-time revenues from the federal government used for the 2003 and 2004 budgets. The Governor has created a Commission on Efficiency, Consolidation and Funding and has been concentrating on ethics and accountability reform. The Legislature is currently in session and a special bipartisan group of legislators has proposed more than $300 million in new taxes and fees. Increases in cigarette taxes, vehicle sales taxes, automobile leasing tax, and mortgage and deed recording taxes have been proposed. These revenue proposals would help the State overcome the General Fund shortfall of $350 million. Income tax and sales tax receipts are increasing as the economy recovers, and the increases in fiscal year 2005 could solve some of the budget problems in the Education Trust Fund budget. Real gross state product for Alabama is expected to grow by 3.8 percent in 2004 and 3.1 percent in 2005. Personal income is expected to increase by 3.9 percent in 2004 and 4.1 percent in 2005. Motor vehicle manufacturing is expected to remain one of the strongest industries in the State; employment in this industry will jump by 4.5 percent or better in 2004.

Requests for Information

This financial report is designed to provide a general overview of the State of Alabama's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Office of the State Comptroller, Financial Reporting Section, RSA Union, Suite 206, Montgomery, AL 36130-2602.

STATE OF ALABAMA

STATEMENT OF NET ASSETS

September 30, 2003

(Amounts in Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS				
Cash and Cash Equivalents	$ 2,092,377	$ 495,822	$ 2,588,199	$ 1,104,303
Investments	2,452,580	177,249	2,629,829	3,638,575
Accounts Receivable	64,882	52,334	117,216	358,190
Internal Balances	12,336	(12,336)	-	-
Due from Primary Government	-	-	-	3,910
Due from Component Units	1,349	1	1,350	-
Due from Other Governments	366,072	-	366,072	651,126
Taxes Receivable	596,829	-	596,829	2,894
Interest and Dividends Receivable	25,282	5,494	30,776	16,856
Mortgages, Notes, and Loans Receivable	33	-	33	503,030
Inventory	24,568	37,872	62,440	30,254
Other Assets	6,660	18,719	25,379	119,897
Restricted Assets	1,224	28,343	29,567	15,817
Capital Assets, Net of Accumulated Depreciation	715,527	656,074	1,371,601	2,567,491
Capital Assets Not Depreciated	4,287,363	78,543	4,365,906	309,402
TOTAL ASSETS	**10,647,082**	**1,538,115**	**12,185,197**	**9,321,745**
LIABILITIES				
Warrants Payable	24,348	4,935	29,283	5,311
Accounts Payable	477,242	43,971	521,213	285,468
Salaries Payable	84,211	2,579	86,790	13,765
Interest Payable	9,847	-	9,847	58,701
Due to Primary Government	-	-	-	1,350
Due to Component Units	1,158	2,752	3,910	-
Due to Other Governments	153,265	2,513	155,778	111,773
Claims Payable	28,351	23,072	51,423	2,851
Deferred Revenue	29,447	57,549	86,996	338,330
Insurance Claims Incurred But Not Reported	36,909	61,463	98,372	-
Amounts Held in Custody for Others	49,076	16,240	65,316	158,114
Noncurrent Liabilities:				
Due Within One Year	82,010	20,238	102,248	376,096
Due In More Than One Year	1,064,592	331,013	1,395,605	4,888,985
TOTAL LIABILITIES	**2,040,456**	**566,325**	**2,606,781**	**6,240,744**
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,488,200	425,588	4,913,788	1,622,354
Restricted for:				
Permanent Trust - Expendable	-	51,978	51,978	550,981
Permanent Trust - Non-expendable	64,401	5,285	69,686	410,136
Unemployment Compensation	-	287,239	287,239	-
Forever Wild Stewardship Account	8,210	-	8,210	-
Alabama Trust Capital	2,155,400	-	2,155,400	-
Educational Programs	648,807	-	648,807	-
Health Programs	21,319	-	21,319	-
Social Services	118,776	-	118,776	-
Transportation Programs	439,495	-	439,495	-
General Government	93,910	-	93,910	-
Debt Service	11,245	21,037	32,282	365,220
Other Purposes	307,996	55	308,051	2,915
Unrestricted	248,839	180,608	429,447	129,395
TOTAL NET ASSETS	**$ 8,606,598**	**$ 971,790**	**$ 9,578,388**	**$ 3,081,001**

The Notes to the Financial Statements are an integral part of this statement.

ALABAMA
TENNESSEE
TENNESSEE RIVER
MISSISSIPPI
GEORGIA
BLACK WARRIOR RIVER
COOSA RIVER
TALLAPOOSA RIVER
CAHABA R.
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

STATE OF ALABAMA

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Economic Development and Regulation	$ 63,623	$ 46,564	$ 6,816	$ -
Education and Cultural Resources	4,644,971	7,556	633,241	145
Natural Resources and Recreation	100,644	369,472	15,510	-
Health - Physical and Mental	4,217,076	121,791	3,418,282	-
Social Services	1,511,438	114,269	1,098,925	8
Protection of Persons and Property	692,104	173,417	123,435	504
Transportation	568,667	153,597	16,836	591,855
General Government	563,819	183,480	101,894	-
Distributions to Local Governments	367,461	34,547	2,399	-
Capital Outlay	48,636	46	8,383	192
Debt Service - Interest and Other Charges	43,493	9,398	1,704	969
Total Governmental Activities	12,821,932	1,214,137	5,427,425	593,673
Business-type Activities				
Unemployment Compensation	409,852	239,871	87,406	-
State Port Authority	74,894	66,749	-	11,646
Alabama College System	593,278	137,015	236,768	9,475
Alcoholic Beverage Control Board	177,003	184,758	-	-
Public Education Employees' Health Insurance	667,564	627,094	-	-
Nonmajor Proprietary Funds	130,057	134,172	27	-
Total Business-type Activities	2,052,648	1,389,659	324,201	21,121
Total Primary Government	**14,874,580**	**2,603,796**	**5,751,626**	**614,794**
Component Units:				
Public School and College Authority	242,613	-	-	-
Mental Health	674,924	8,013	40,789	-
Housing Finance Authority	70,240	28,739	-	-
Water Pollution Control Authority	35,108	20,781	6,046	-
University of Alabama	1,943,629	1,046,059	436,947	46,693
Auburn University	575,187	246,509	105,625	23,927
University of South Alabama	479,929	328,534	65,080	3,793
Nonmajor Component Units	829,152	408,219	166,261	2,956
Total Component Units	**4,850,782**	**2,086,854**	**820,748**	**77,369**
General Revenues:				
Taxes:				
Sales and Use Taxes				
Income Taxes				
Motor Fuels Taxes				
Utility Taxes				
Insurance Premium Tax				
Property Tax				
Liquor Taxes				
Grants and Contributions Not Restricted to Specific Programs				
Investment Earnings				
Miscellaneous				
Contributions to Permanent Funds				
Payments from State of Alabama				
Transfers				
Extraordinary Items				
Total General Revenues, Special Items, and Transfers				
Change in Net Assets				
Net Assets, October 1, 2002, as Restated				
Net Assets, September 30, 2003				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total Primary Government	Component Units
$ (10,243)	$ -	$ (10,243)	$ -
(4,004,029)	-	(4,004,029)	-
284,338	-	284,338	-
(677,003)	-	(677,003)	-
(298,236)	-	(298,236)	-
(394,748)	-	(394,748)	-
193,621	-	193,621	-
(278,445)	-	(278,445)	-
(330,515)	-	(330,515)	-
(40,015)	-	(40,015)	-
(31,422)	-	(31,422)	-
(5,586,697)	0	(5,586,697)	0
-	(82,575)	(82,575)	-
-	3,501	3,501	-
-	(210,020)	(210,020)	-
-	7,755	7,755	-
-	(40,470)	(40,470)	-
-	4,142	4,142	-
0	(317,667)	(317,667)	0
(5,586,697)	**(317,667)**	**(5,904,364)**	**0**
-	-	-	(242,613)
-	-	-	(626,122)
-	-	-	(41,501)
-	-	-	(8,281)
-	-	-	(413,930)
-	-	-	(199,126)
-	-	-	(82,522)
-	-	-	(251,716)
0	**0**	**0**	**(1,865,811)**
1,714,618	-	1,714,618	107,294
2,520,393	-	2,520,393	-
516,553	-	516,553	-
397,356	-	397,356	92,072
226,307	-	226,307	4,713
213,908	-	213,908	-
117,438	7,790	125,228	11,308
84,231	1,806	86,037	86,093
210,143	29,605	239,748	324,240
859,220	2,026	861,246	64,716
204	207	411	22,340
-	-	-	1,413,365
(226,788)	226,788	-	-
-	-	-	(512)
6,633,583	**268,222**	**6,901,805**	**2,125,629**
1,046,886	**(49,445)**	**997,441**	**259,818**
7,559,712	1,021,235	8,580,947	2,821,183
$ 8,606,598	**$ 971,790**	**$ 9,578,388**	**$ 3,081,001**

STATE OF ALABAMA

BALANCE SHEET
Governmental Funds

September 30, 2003
(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
ASSETS					
Cash and Cash Equivalents	$ 151,624	$ 74,944	$ 112,158	$ 11,696	$ 473,944
Investments	-	-	2,098,896	-	33,650
Accounts Receivable	31	84	40,381	1,272	110
Due from Other Funds	8,103	494	98	347	222
Due from Component Units	1	37	-	62	-
Due from Other Governments	-	-	-	174,354	97,989
Taxes Receivable	113,968	365,533	-	-	-
Interest and Dividends Receivable	-	-	13,826	-	-
Mortgages, Notes, and Loans Receivable	-	-	-	-	-
Inventory	1,946	-	-	-	17,884
Other Assets	11	-	-	-	-
Restricted Assets	-	-	-	-	-
TOTAL ASSETS	**$ 275,684**	**$ 441,092**	**$ 2,265,359**	**$ 187,731**	**$ 623,799**
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 950	$ 8,225	$ -	$ 36	$ 4,021
Accounts Payable	13,878	8,665	-	239,324	97,053
Salaries Payable	27,753	3,845	-	1,101	10,055
Due to Other Funds	5,857	8,501	-	4,781	1,963
Due to Component Units	4	18	-	-	203
Due to Other Governments	3,506	2,512	-	17	12,345
Deferred Revenue	60,050	-	-	-	-
Amounts Held in Custody for Others	44	-	-	-	18,430
Compensated Absences	597	64	-	12	169
Total Liabilities	**112,639**	**31,830**	**0**	**245,271**	**144,239**
Fund Balances					
Reserved for:					
Encumbrances	2,753	4,415	-	770	96,862
Inventory	1,946	-	-	-	17,884
Highway Equipment Replacement	-	-	-	-	35,120
Court Settlements	-	-	-	-	-
Donor Restrictions	-	-	-	-	-
Education Rainy Day Account	-	-	68,007	-	-
Forever Wild Stewardship Account	-	-	8,210	-	-
Alabama Trust Capital	-	-	2,155,399	-	-
Local Governments	-	-	23,620	-	-
Forever Wild Lands	-	-	3,374	-	-
General Fund	-	-	6,749	-	-
Permanent Trust Principal	-	-	-	-	-
Unreserved, Designated for Capital Projects	-	-	-	-	-
Unreserved, Designated for Debt Retirement	-	-	-	-	-
Unreserved, Undesignated, Reported in:					
General Fund	158,346	-	-	-	-
Special Revenue Funds	-	404,847	-	(58,310)	329,694
Permanent Funds	-	-	-	-	-
Total Fund Balances	**163,045**	**409,262**	**2,265,359**	**(57,540)**	**479,560**
TOTAL LIABILITIES AND FUND BALANCES	**$ 275,684**	**$ 441,092**	**$ 2,265,359**	**$ 187,731**	**$ 623,799**

The Notes to the Financial Statements are an integral part of this statement.

Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 67,082	$ 1,138,260	$ 2,029,708
-	127,093	2,259,639
-	1,353	43,231
3,966	31,116	44,346
3	644	747
6,295	87,434	366,072
28,151	89,177	596,829
-	524	14,350
-	33	33
-	668	20,498
-	1	12
-	1,224	1,224
$ 105,497	**$ 1,477,527**	**$ 5,376,689**
$ 893	$ 9,406	$ 23,531
31,995	75,840	466,755
10,916	29,162	82,832
5,774	18,675	45,551
37	808	1,070
1,314	129,552	149,246
23,509	75,927	159,486
3,679	26,923	49,076
428	441	1,711
78,545	**366,734**	**979,258**
4,968	28,633	138,401
-	668	20,498
-	-	35,120
-	9,350	9,350
-	33	33
-	-	68,007
-	-	8,210
-	-	2,155,399
-	-	23,620
-	-	3,374
-	-	6,749
-	64,402	64,402
-	465,437	465,437
-	8,979	8,979
-	-	158,346
21,984	528,583	1,226,798
-	4,708	4,708
26,952	**1,110,793**	**4,397,431**
$ 105,497	**$ 1,477,527**	**$ 5,376,689**

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

September 30, 2003

(Amounts in Thousands)

Total Fund Balances for Governmental Funds		$4,397,431
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	127,987	
Historical Exhibits	4,912	
Construction in progress	12,819	
Construction in progress - Infrastructure	3,569,819	
Infrastructure	562,354	
Buildings	761,352	
Equipment	422,484	
Accumulated Depreciation - Buildings	(282,550)	
Accumulated Depreciation - Equipment	(234,523)	
		4,944,654
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		29,045
Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		153,983
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		149,468
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital Lease Obligations	(32,406)	
Compensated Absences	(222,549)	
Other Liabilities	(16,721)	
		(271,676)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized discounts, unamortized premiums, unamortized loss, deferred debt financing costs, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the total effect of these balances on the statement.		
General Obligation Bonds Payable	(488,213)	
Notes Payable	(6,314)	
Revenue Bonds Payable	(288,273)	
Unamortized Premiums	(5,256)	
Unamortized Loss	251	
Deferred Debt Financing Costs	314	
Accrued Interest Payable	(8,816)	
		(796,307)
Net Assets of Governmental Activities		$8,606,598

The Notes to the Financial Statements are an integral part of this statement.

ALABAMA
TENNESSEE
TENNESSEE RIVER
MISSISSIPPI
GEORGIA
BLACK WARRIOR RIVER
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TALLAPOOSA RIVER
CAHABA R.
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

STATE OF ALABAMA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
REVENUES					
Taxes	$ 848,223	$ 4,390,766	$ -	$ -	$ 326,055
Licenses, Permits, and Fees	120,331	504	-	-	142,351
Fines, Forfeits, and Court Settlements	45,896	-	-	665	-
Investment Income	20,501	-	172,269	57	909
Federal Grants and Reimbursements	75,612	-	-	2,622,907	572,761
Other Revenues	6,608	1,541	309,982	683,472	23,052
Total Revenues	**1,117,171**	**4,392,811**	**482,251**	**3,307,101**	**1,065,128**
EXPENDITURES					
Current:					
Economic Development and Regulation	7,684	-	-	-	-
Education and Cultural Resources	8,975	3,840,885	-	-	-
Natural Resources and Recreation	5,695	13	3	-	-
Health - Physical and Mental	368,999	33,264	-	3,320,862	-
Social Services	22,190	32,652	-	-	-
Protection of Persons and Property	382,069	36,352	-	-	-
Transportation	1	-	-	-	1,047,606
General Government	262,297	7,999	-	-	-
Distributions to Local Governments	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	18,187	1,844	-	-	16,824
Debt Service - Interest and Other Charges	2,244	3,367	-	-	1,660
Total Expenditures	**1,078,341**	**3,956,376**	**3**	**3,320,862**	**1,066,090**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**38,830**	**436,435**	**482,248**	**(13,761)**	**(962)**
OTHER FINANCING SOURCES (USES)					
Transfers In	130,827	180,889	1,030	123,299	23,443
Transfers Out	(158,440)	(277,595)	(393,764)	(95,501)	(34,806)
Bond Proceeds	-	-	-	-	-
Proceeds from Refunding Bonds	-	-	-	-	-
Current Refunding to Bondholders	-	-	-	-	-
Capital Lease Proceeds	20	-	-	-	-
Other Debt Proceeds	-	-	-	-	-
Total Other Financing Sources (Uses)	**(27,593)**	**(96,706)**	**(392,734)**	**27,798**	**(11,363)**
Net Change in Fund Balances	**11,237**	**339,729**	**89,514**	**14,037**	**(12,325)**
Fund Balances, October 1, 2002, as Restated	152,074	69,533	2,175,845	(71,577)	488,474
Increase (Decrease) in Inventory	(266)	-	-	-	3,411
Fund Balances, September 30, 2003	**$ 163,045**	**$ 409,262**	**$ 2,265,359**	**$ (57,540)**	**$ 479,560**

The Notes to the Financial Statements are an integral part of this statement.

Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 104,872	$ 597,856	$ 6,267,772
298	239,009	502,493
-	17,643	64,204
53	10,807	204,596
831,533	1,412,707	5,515,520
138,620	347,798	1,511,073
1,075,376	**2,625,820**	**14,065,658**
-	56,730	64,414
-	803,994	4,653,854
-	101,760	107,471
-	492,734	4,215,859
1,106,219	349,762	1,510,823
-	262,184	680,605
-	25,863	1,073,470
346	251,897	522,539
-	367,462	367,462
-	48,636	48,636
2,592	42,516	81,963
1,898	30,956	40,125
1,111,055	**2,834,494**	**13,367,221**
(35,679)	**(208,674)**	**698,437**
80,135	464,996	1,004,619
(45,750)	(233,695)	(1,239,551)
-	4,305	4,305
-	17,553	17,553
-	(17,162)	(17,162)
-	598	618
-	3,634	3,634
34,385	**240,229**	**(225,984)**
(1,294)	**31,555**	**472,453**
28,246	1,079,218	3,921,813
-	20	3,165
$ 26,952	**$ 1,110,793**	**$ 4,397,431**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

September 30, 2003

(Amounts in Thousands)

Net Change in Fund Balances for Governmental Funds		$472,453
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay	574,395	
Depreciation Expense	(55,439)	
		518,956
In the Statement of Activities, only the gain (loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.		(19,078)
Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.		(619)
In the Statement of Activities, the change in the balance of inventories is expensed, whereas in the governmental funds, the change in the balance of inventories is adjusted to reserved fund balance.		3,165
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		6,910
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(3,315)
Long-term debt proceeds provide current financial resources to governmental funds by issuing debt which increases long-term debt in the Statement of Net Assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Assets. This is the amount repayments exceed proceeds.		
Bond proceeds and premiums received	(4,305)	
Repayment of bond principal	73,655	
Proceeds from refunding bonds	(17,553)	
Current refunding to bondholders	17,162	
Accrued interest	(99)	
		68,860
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities.		
Capital lease payments	5,551	
Compensated absences payments	(5,270)	
Litigation payments	2,000	
Other debt payments	907	
		3,188
Other debt proceeds are considered other financing sources in the governmental funds, but in the statement of net assets they are reported as liabilities.		(3,634)
Change in Net Assets of Governmental Activities		$1,046,886

The Notes to the Financial Statements are an integral part of this statement.

ALABAMA
TENNESSEE
TENNESSEE RIVER
MISSISSIPPI
GEORGIA
BLACK WARRIOR RIVER
COOSA RIVER
TALLAPOOSA RIVER
CAHABA R.
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

STATE OF ALABAMA

STATEMENT OF NET ASSETS
Proprietary Funds

September 30, 2003

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama College System	Alcoholic Beverage Control Board	Public Education Employees' Health Insur
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 284,642	$ 13,962	$ 138,510	$ 22,146	$ 16,338
Investments, Short-term	-	15,160	74,879	-	51,151
Accounts Receivable	2,504	9,192	38,546	900	-
Interest and Dividends Receivable	4,715	590	-	-	54
Due from Other Funds	-	-	-	24	-
Due from Component Units	-	-	-	-	-
Inventory	-	3,210	8,836	12,175	-
Other Current Assets	74	1,108	-	-	1,422
Total Current Assets	**291,935**	**43,222**	**260,771**	**35,245**	**68,965**
Noncurrent Assets					
Investments, Long-term	-	17,668	-	-	1,019
Other Noncurrent Assets	-	6,525	9,435	-	-
Restricted Assets	-	-	28,248	95	-
Capital Assets, Net of Accumulated Depreciation	-	326,154	401,399	1,284	-
Total Noncurrent Assets	**0**	**350,347**	**439,082**	**1,379**	**1,019**
TOTAL ASSETS	**291,935**	**393,569**	**699,853**	**36,624**	**69,984**
LIABILITIES					
Current Liabilities					
Warrants Payable	-	-	-	4,914	15
Accounts Payable	4,041	12,427	14,013	10,911	13
Salaries Payable	-	841	-	1,592	56
Due to Other Funds	18	-	-	11,615	-
Due to Component Units	-	-	-	2,732	-
Due to Other Governments	200	-	-	2,306	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	-	46,922	77	2,878
Funds Held in Escrow	426	-	2,967	4	-
Compensated Absences	-	1,376	1,895	14	-
Claims Payable	-	-	-	-	21,262
Insurance Claims Incurred But Not Reported	-	-	-	-	51,700
Notes Payable	-	-	354	-	-
Revenue Bonds Payable	-	5,280	7,527	-	-
Capital Leases	-	1,014	1,326	-	-
Other Current Liabilities	-	1,365	-	-	-
Total Current Liabilities	**4,685**	**22,303**	**75,004**	**34,165**	**75,924**
Long-term Liabilities					
Deferred Revenue, Noncurrent	-	3,529	-	-	-
Compensated Absences	-	-	11,532	5,171	239
Notes Payable	-	-	2,292	-	-
Revenue Bonds Payable	-	180,344	114,910	-	-
Capital Leases Payable	-	732	7,767	-	-
Other Long-term Liabilities	11	6,330	-	-	-
Total Long-term Liabilities	**11**	**190,935**	**136,501**	**5,171**	**239**
TOTAL LIABILITIES	**4,696**	**213,238**	**211,505**	**39,336**	**76,163**
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	-	144,084	274,313	1,239	-
Restricted for:					
Permanent Trust - Expendable	-	-	51,978	-	-
Permanent Trust - Non-expendable	-	-	5,285	-	-
Unemployment Compensation	287,239	-	-	-	-
Debt Service	-	21,037	-	-	-
Other Purposes	-	-	-	-	-
Unrestricted	-	15,210	156,772	(3,951)	(6,179)
TOTAL NET ASSETS	**$ 287,239**	**$ 180,331**	**$ 488,348**	**$ (2,712)**	**$ (6,179)**

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 20,224	$ 495,822	$ 62,669
11,093	152,283	77,207
1,192	52,334	2,749
135	5,494	782
250	274	16,621
1	1	680
13,651	37,872	4,070
156	2,760	5,492
46,702	**746,840**	**170,270**
6,278	24,965	115,734
-	15,960	842
-	28,343	-
5,781	734,618	58,236
12,059	**803,886**	**174,812**
58,761	**1,550,726**	**345,082**
6	4,935	817
2,390	43,795	10,381
90	2,579	1,379
1,151	12,784	3,170
20	2,752	100
7	2,513	4,019
-	-	1,031
4,143	54,020	21,607
12,832	16,229	-
-	3,285	19
1,810	23,072	28,351
9,763	61,463	36,909
88	442	-
-	12,807	935
-	2,340	2,106
-	1,365	-
32,300	**244,381**	**110,824**
-	3,529	2,438
322	17,264	3,876
1,376	3,668	-
-	295,254	76,986
-	8,499	1,490
-	6,341	-
1,698	**334,555**	**84,790**
33,998	**578,936**	**195,614**
5,952	425,588	(23,280)
-	51,978	-
-	5,285	-
-	287,239	-
-	21,037	-
55	55	-
18,756	180,608	172,748
$ 24,763	**$ 971,790**	**$ 149,468**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Proprietary Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama College System	Alcoholic Beverage Control Board	Public Education Employees' Health Insur
OPERATING REVENUES					
Charges for Goods and Services	$ -	$ 66,749	$ 137,015	$ 182,801	$ -
Investment Earnings	-	-	213	-	2,714
Premiums and Contributions	230,928	-	-	-	627,094
Rents and Leases	-	-	-	-	-
Total Operating Revenues	**230,928**	**66,749**	**137,228**	**182,801**	**629,808**
OPERATING EXPENSES					
Salaries, Wages, and Benefits	-	-	296,582	28,640	940
Utilities and Communications	-	-	14,312	1,601	-
Professional Services	-	-	-	636	96
Supplies, Materials, and Operating Expenses	-	-	192,933	138,177	-
Interest	-	-	6,140	-	-
Depreciation	-	15,418	17,808	649	-
Claims and Benefits	406,297	-	-	-	666,525
Operations and Maintenance	-	40,607	-	-	-
General and Administrative	-	8,221	-	-	-
Other	-	-	62,226	7,299	3
Total Operating Expenses	**406,297**	**64,246**	**590,001**	**177,002**	**667,564**
Operating Income (Loss)	**(175,369)**	**2,503**	**(452,773)**	**5,799**	**(37,756)**
NONOPERATING REVENUES (EXPENSES)					
Taxes	-	-	-	7,782	-
Investment Income	19,170	1,539	3,481	-	-
Other Nonoperating Revenues	96,403	247	240,176	2,078	-
Interest Expense	-	(10,648)	-	-	-
Other Nonoperating Expenses	(3,554)	-	(3,277)	-	-
Total Nonoperating Revenues (Expenses)	**112,019**	**(8,862)**	**240,380**	**9,860**	**0**
Income (Loss) Before Transfers and Contributions	**(63,350)**	**(6,359)**	**(212,393)**	**15,659**	**(37,756)**
Capital Contributions	-	11,646	9,475	-	-
Additions to Endowments	-	-	207	-	-
Transfers In	-	-	255,066	817	-
Transfers Out	(8,944)	(18)	-	(14,986)	(2)
Increase (Decrease) in Net Assets	**(72,294)**	**5,269**	**52,355**	**1,490**	**(37,758)**
Total Net Assets, October 1, 2002, as Restated	359,533	175,062	435,993	(4,202)	31,579
Total Net Assets, September 30, 2003	**$ 287,239**	**$ 180,331**	**$ 488,348**	**$ (2,712)**	**$ (6,179)**

The Notes to the Financial Statements are an integral part of this statement.

	Governmental Activities	
Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ 22,147	$ 408,712	$ 73,578
2,311	5,238	7,479
101,471	959,493	294,920
636	636	11,619
126,565	**1,374,079**	**387,596**
2,434	328,596	23,736
243	16,156	20,567
1,377	2,109	12,075
14,587	345,697	32,333
-	6,140	4,022
455	34,330	8,689
110,059	1,182,881	287,938
-	40,607	-
-	8,221	-
842	70,370	10,356
129,997	**2,035,107**	**399,716**
(3,432)	**(661,028)**	**(12,120)**
9,737	17,519	-
177	24,367	140
217	339,121	1,035
(58)	(10,706)	(157)
-	(6,831)	(176)
10,073	**363,470**	**842**
6,641	**(297,558)**	**(11,278)**
-	21,121	-
-	207	-
645	256,528	13,986
(5,792)	(29,742)	(6,023)
1,494	**(49,444)**	**(3,315)**
23,269	1,021,234	152,783
$ 24,763	**$ 971,790**	**$ 149,468**

STATE OF ALABAMA

STATEMENT OF CASH FLOWS
Proprietary Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama College System	Alcoholic Beverage Control Board	Public Education Employees' Health Insur
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	232,548	58,163	102,562	192,143	633,050
Receipts from Interfund Services	-	-	1,099	3	327
Receipts from Operating Grants	85,025	-	222,982	-	-
Receipts from Interfund Reimbursements	4,010	-	-	-	-
Receipts from Other Operating Activities	-	6,657	33,762	9,747	-
Payments for Goods Held for Resale	-	-	-	(138,971)	-
Payments for Other Goods & Services	-	(27,644)	(153,997)	(12,630)	(90)
Payments for Employees Services	-	(18,851)	(335,452)	(28,690)	(913)
Payments for Taxes, Fines, Penalties, & Similar Fees	(4,185)	-	-	-	-
Payments for Interfund Services	-	-	-	(1,284)	(3)
Payments for Other Operating Activities	(412,735)	-	(69,301)	(1,357)	(2)
Payments for Claims	-	-	-	-	(658,741)
Net Cash Provided by (Used In) Operating Activities	**(95,337)**	**18,325**	**(198,345)**	**18,961**	**(26,372)**
Cash Flows from Noncapital Financing Activities:					
Proceeds of Program Revenue Bonds & Other Noncapital Debt	-	5,025	-	-	-
Receipts from Noncapital Financing Grants & Donations	2,434	-	263,263	-	-
Transfers from Other Funds for Noncapital Financing	-	-	1,267	820	-
Receipts from Noncapital Financing Taxes	8,944	-	-	-	-
Principal Paid on Program Bonds & Other Noncapital Debt	-	-	(44)	-	-
Interest Paid on Program Bonds & Other Noncapital Debt	-	-	-	-	-
Payments for Noncapital Financing Grants & Donations	(5,513)	-	(1,154)	-	-
Transfers to Other Funds for Noncapital Financing	(9,115)	-	(12,682)	(14,986)	(2)
Net Cash Provided By (Used In) Noncapital Financing Activities	**(3,250)**	**5,025**	**250,650**	**(14,166)**	**(2)**
Cash Flows From Capital & Related Financing Activities:					
Proceeds from Revenue Bonds & Other Capital Debt	-	-	444	-	-
Receipts from Capital Grants & Contributions	-	11,202	9,065	-	-
Receipts from Sale of Capital Assets & Insurance Proceeds	-	367	65	90	-
Payments to Acquire, Construct, & Improve Capital Assets	-	(20,855)	(13,227)	(701)	-
Principal Paid on Revenue Bonds & Other Capital Debt	-	(6,041)	(5,000)	-	-
Interest Paid on Revenue Bonds & Other Capital Debt	-	(11,394)	(5,361)	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	**0**	**(26,721)**	**(14,014)**	**(611)**	**0**
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	-	13,533	37,750	-	925,428
Receipts from Interest & Dividends on Investments & Loans	20,535	1,512	4,508	-	1,503
Purchase of Investments	-	(9,870)	(51,396)	-	(889,660)
Net Cash Provided By (Used In) Investing Activities	**20,535**	**5,175**	**(9,138)**	**0**	**37,271**
Net Increase (Decrease) In Cash and Cash Equivalents	**(78,052)**	**1,804**	**29,153**	**4,184**	**10,897**
Cash Balance, October 1, 2002	362,694	12,158	107,274	13,048	5,426
Restatements	-	-	2,083	-	-
Cash Balance, September 30, 2003	**284,642**	**13,962**	**138,510**	**17,232**	**16,323**
Add: Warrants Payable	-	-	-	4,914	15
Cash and Cash Equivalents, as Reported on Balance Sheet	**$ 284,642**	**$ 13,962**	**$ 138,510**	**$ 22,146**	**$ 16,338**

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
133,928	1,352,394	8,155
400	1,829	342,491
-	308,007	-
-	4,010	-
2,872	53,038	39,392
(1,672)	(140,643)	(15,344)
(35,977)	(230,338)	(53,755)
(2,633)	(386,539)	(24,188)
-	(4,185)	-
(256)	(1,543)	(5,219)
(6,363)	(489,758)	(8,679)
(85,051)	(743,792)	(279,320)
5,248	**(277,520)**	**3,533**
90	5,115	-
-	265,697	-
501	2,588	8,469
-	8,944	-
-	(44)	-
(58)	(58)	-
-	(6,667)	-
(1,240)	(38,025)	(517)
(707)	**237,550**	**7,952**
-	444	-
-	20,267	-
24	546	122
(4,135)	(38,918)	(8,252)
-	(11,041)	(3,199)
-	(16,755)	(3,413)
(4,111)	**(45,457)**	**(14,742)**
88,783	1,065,494	789,081
493	28,551	6,509
(81,309)	(1,032,235)	(782,026)
7,967	**61,810**	**13,564**
8,397	**(23,617)**	**10,307**
11,821	512,421	51,423
-	2,083	122
20,218	**490,887**	**61,852**
6	4,935	817
$ 20,224	**$ 495,822**	**$ 62,669**

Continued on next page...

STATEMENT OF CASH FLOWS (Continued from Previous Page)
Proprietary Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama College System	Alcoholic Beverage Control Board	Public Education Employees' Health Insur
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	**(175,369)**	**2,503**	**(452,773)**	**5,799**	**(37,756)**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Accounts Receivable	(2,496)	(1,929)	(4,849)	(77)	3,405
Due from Other Funds	-	-	-	11	-
Due From Other Governments	-	-	-	-	-
Inventory	-	(46)	(823)	5,021	-
Other Assets	-	(90)	503	-	(1,161)
Restricted Assets	-	-	-	(95)	-
Equipment	-	-	-	-	-
Accounts Payable	(2,497)	(765)	1,072	(10,524)	5
Salaries Payable	-	-	16	(96)	-
Due to Other Funds	-	-	-	7,001	(51)
Due to Other Governments	-	-	-	1,482	-
Claims Payable	-	-	-	-	4,896
Amounts Held Pending Distribution	-	-	-	-	-
Deferred Revenue	-	-	4,996	-	2,878
Insurance Claims Incurred But Not Reported	-	-	-	-	4,100
Amounts Held in Custody for Others	-	-	963	(3)	-
Compensated Absences	-	-	61	78	27
Other Liabilities	-	3,252	(2,301)	-	-
Investment Income	-	-	-	-	(2,714)
Operating Interest Expense	-	-	-	-	-
Depreciation	-	15,418	17,808	649	-
Nonoperating Revenues	85,025	(18)	237,032	9,715	-
Nonoperating Expenses	-	-	(50)	-	(1)
Total Adjustments	80,032	15,822	254,428	13,162	11,384
Net Cash Provided (Used) by Operating Activities	**$ (95,337)**	**$ 18,325**	**$ (198,345)**	**$ 18,961**	**$ (26,372)**
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Transfers, Donations, and Other Additions to Capital Assets	-	-	-	411	-
Disposals, Write-offs, and Other Reductions to Capital Asset	-	-	-	(1,435)	(3)
Interest Accruals and Other Adjustments	-	-	-	-	70
Unrealized Gains (Losses) in Investment Fair Value	-	-	-	-	(3,641)
Investment Accruals and Other Adjustments	-	-	-	-	3,641
Transfers In (Out)	-	-	-	(45)	-

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
(3,432)	**(661,028)**	**(12,120)**
(952)	(6,898)	286
82	93	(662)
190	190	-
28	4,180	1,299
(97)	(845)	(505)
-	(95)	-
-	-	1
(1,081)	(13,790)	(709)
(82)	(162)	(35)
63	7,013	(1,652)
2	1,484	-
-	4,896	6,644
683	683	(3)
1,128	9,002	(159)
915	5,015	3,268
-	960	(340)
(91)	75	9
-	951	-
(2,291)	(5,005)	(7,479)
-	-	4,022
455	34,330	8,689
9,921	341,675	2,979
(193)	(244)	-
8,680	383,508	15,653
$ 5,248	**$ (277,520)**	**$ 3,533**
223	634	10,073
(312)	(1,750)	(15,437)
813	883	(824)
(2,788)	(6,429)	(1,457)
2,230	5,871	3,170
(22)	(67)	(12)

STATE OF ALABAMA

STATEMENT OF FIDUCIARY NET ASSETS
Fiduciary Funds

September 30, 2003

(Amounts in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	$ 62,635	$ 24,277	$ 192,620
Investments			
Time Deposits	-	132	4,968
U.S. Treasury Securities	68,851	15,703	23,884
U.S. Agency Securities	1,130,388	24,003	-
State and Local Government Securities	-	1,076	3,855
Mortgage Backed Securities	243,324	38,039	7,207
Corporate Stocks	10,217,699	396,452	200
Corporate Bonds	7,338,125	74,679	3,000
Real Estate	1,396,918	840	-
Commercial Paper	563,634	-	850
International Stocks	2,023,470	-	-
International Bonds	41,196	-	-
Mutual and Money Market Funds	589,065	108,407	-
Other	22,070	-	-
Receivables			
Accounts Receivable	151	468	4
Due from Other Funds	-	87	269
Due from Primary Government	12	-	-
Employer Contributions Receivable	26,345	-	-
Member Contributions Receivable	27,595	-	-
Interest and Dividends Receivable	237,778	2,188	-
Securities Lending Collateral	2,505	-	-
Capital Assets, Net of Accumulated Depreciation	3,735	1	-
Capital Assets Not Depreciated	1,190	-	-
TOTAL ASSETS	**23,996,686**	**686,352**	**236,857**
LIABILITIES			
Warrants Payable	$ 31,534	$ 264	$ 15,845
Accounts Payable	1,029	1,863	376
Salaries Payable	819	19	-
Due to Other Funds	2	90	-
Due to Primary Government	76	-	-
Due to Component Units	-	-	2
Due to Other Governments	-	-	14,428
Securities Lending Obligation	2,505	-	-
Deferred Revenue	810	-	-
Amounts Held in Custody for Others	-	-	206,206
Compensated Absences	2,246	53	-
TOTAL LIABILITIES	**39,021**	**2,289**	**236,857**
NET ASSETS			
Held in Trust for Beneficiaries	-	684,063	-
Held in Trust for Pension and Other Employee Benefits	23,957,665	-	-
TOTAL NET ASSETS	**$ 23,957,665**	**$ 684,063**	**$ 0**

The Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Fiduciary Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds
ADDITIONS		
Contributions:		
Employee	$ 460,366	$ -
Employer	398,867	-
Participants	-	144,141
Total Contributions	859,233	144,141
Investment Earnings		
Investment Interest and Dividends	916,611	16,340
Net Increase (Decrease) in Fair Value of Investments	2,106,002	73,229
Securities Lending Income	17,738	-
Total Investment Earnings	3,040,351	89,569
Less:		
Investment Expense	(6,888)	-
Securities Lending Interest and Fees	(13,334)	-
Net Investment Income	3,020,129	89,569
Other Additions		
Licenses and Fees	2,438	-
Miscellaneous	5,610	1,183
Transfers In	425	-
Total Other Additions	8,473	1,183
Total Additions	**3,887,835**	**234,893**
DEDUCTIONS		
Benefit Payments	1,473,203	45,209
Return of Contributions	70	-
Administrative Expense	19,259	3,627
Transfers Out	1	241
Total Deductions	**1,492,533**	**49,077**
Changes in Net Assets	**2,395,302**	**185,816**
Net Assets Held in Trust for Beneficiaries, October 1, 2002, as Restated	21,562,363	498,247
Net Assets Held in Trust for Beneficiaries, September 30, 2003	**$ 23,957,665**	**$ 684,063**

The Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF NET ASSETS
Component Units

September 30, 2003

(Amounts in Thousands)

	Public School and College Authority	Mental Health	Housing Finance Authority	Water Pollution Control Authority	University of Alabama
ASSETS					
Cash and Cash Equivalents	$ 248,863	$ 52,323	$ 2,142	$ 105,236	$ 300,104
Investments	26,886	-	1,036,374	216,676	1,626,242
Accounts Receivable	-	-	-	-	219,261
Due from Primary Government	-	3,703	-	-	-
Due from Other Governments	-	15,638	-	520,708	-
Taxes Receivable	-	2,894	-	-	-
Interest and Dividends Receivable	-	-	8,446	3,917	-
Mortgages, Notes, and Loans Receivable	-	-	371,180	-	56,135
Inventory	-	2,292	-	-	14,403
Other Assets	-	-	9,596	9,609	48,662
Restricted Assets	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	13,770	81,317	-	406	1,507,438
Capital Assets Not Depreciated	-	1,590	-	-	51,795
TOTAL ASSETS	**289,519**	**159,757**	**1,427,738**	**856,552**	**3,824,040**
LIABILITIES					
Warrants Payable	134	2,492	-	10	-
Accounts Payable	-	22,202	1,000	59	166,972
Salaries Payable	-	8,095	-	-	-
Interest Payable	20,619	959	21,917	3,751	-
Due to Primary Government	-	658	-	577	-
Due to Other Governments	-	15,229	-	57,245	26,850
Claims Payable	-	-	-	-	-
Deferred Revenue	-	-	9,187	1,940	148,304
Amounts Held in Custody for Others	-	-	124,955	-	20,273
Compensated Absences	-	18,136	-	-	31,673
Other Liabilities	9,587	-	25,504	807	4,417
Notes and Mortgages Payable	-	-	3,900	-	5,165
Revenue Bonds Payable	1,456,625	44,635	1,042,588	589,975	863,378
Capital Lease Obligations	-	-	-	-	25,940
TOTAL LIABILITIES	**1,486,965**	**112,406**	**1,229,051**	**654,364**	**1,292,972**
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	13,770	38,273	-	406	820,837
Restricted for:					
Permanent Trust - Expendable	-	-	-	-	395,936
Permanent Trust - Non-expendable	-	-	-	-	366,234
Debt Service	-	-	158,757	201,924	-
Other Purposes	-	-	-	-	-
Unrestricted	(1,211,216)	9,078	39,930	(142)	948,061
TOTAL NET ASSETS	**$ (1,197,446)**	**$ 47,351**	**$ 198,687**	**$ 202,188**	**$ 2,531,068**

The Notes to the Financial Statements are an integral part of this statement.

Auburn University	University of South Alabama	Nonmajor Component Units	Total Component Units
$ 803	$ 50,610	$ 344,222	$ 1,104,303
506,134	49,755	176,508	3,638,575
23,443	41,357	74,127	358,188
-	-	209	3,912
-	-	114,780	651,126
-	-	-	2,894
3,017	-	1,476	16,856
41,372	5,138	29,205	503,030
3,848	-	9,711	30,254
12,968	9,228	29,834	119,897
-	11,408	4,409	15,817
390,554	186,800	387,206	2,567,491
58,101	37,633	160,283	309,402
1,040,240	**391,929**	**1,331,970**	**9,321,745**
-	-	2,675	5,311
33,609	41,442	20,182	285,466
2,282	-	3,388	13,765
2,866	-	8,589	58,701
-	-	116	1,351
-	-	12,449	111,773
-	-	2,851	2,851
84,040	15,180	79,679	338,330
4,509	-	8,377	158,114
20,129	12,306	9,042	91,286
17,173	-	11,508	68,996
684	7,549	8,650	25,948
202,498	95,431	745,717	5,040,847
2,539	1,829	7,697	38,005
370,329	**173,737**	**920,920**	**6,240,744**
295,365	120,583	333,120	1,622,354
103,366	25,722	25,957	550,981
16,691	10,029	17,182	410,136
-	-	4,539	365,220
-	-	2,915	2,915
254,489	61,858	27,337	129,395
$ 669,911	**$ 218,192**	**$ 411,050**	**$ 3,081,001**

STATEMENT OF ACTIVITIES
Component Units

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Public School and College Authority	Mental Health	Housing Finance Authority	Water Pollution Control Authority	University of Alabama
Expenses	**$ 242,613**	**$ 674,924**	**$ 70,240**	**$ 35,108**	**$ 1,943,629**
Program Revenues					
Charges for Services	-	8,013	28,739	20,781	1,046,059
Operating Grants and Contributions	-	40,789	-	6,046	436,947
Capital Grants and Contributions	-	-	-	-	46,693
Total Program Revenues	**0**	**48,802**	**28,739**	**26,827**	**1,529,699**
Net (Expense) Revenue	**(242,613)**	**(626,122)**	**(41,501)**	**(8,281)**	**(413,930)**
General Revenues:					
Taxes:					
Sales and Use Taxes	107,294	-	-	-	-
Utility Taxes	-	90,854	-	-	-
Insurance Premium Tax	-	4,713	-	-	-
Liquor Taxes	-	11,308	-	-	-
Grants and Contributions Not Restricted to Specific Programs	-	34	-	-	64,602
Investment Earnings	3,655	156	54,041	11,948	210,253
Miscellaneous	5	30,298	-	2,986	4,693
Contributions to Permanent Funds	-	-	-	-	15,695
Payments from State of Alabama	39,122	479,306	-	725	379,396
Extraordinary Items	-	-	(512)	-	-
Total General Revenues, Special Items, and Transfers	**150,076**	**616,669**	**53,529**	**15,659**	**674,639**
Change in Net Assets	**(92,537)**	**(9,453)**	**12,028**	**7,378**	**260,709**
Net Assets, October 1, 2002, as Restated	(1,104,909)	56,804	186,659	194,810	2,270,359
Net Assets, September 30, 2003	**$ (1,197,446)**	**$ 47,351**	**$ 198,687**	**$ 202,188**	**$ 2,531,068**

The Notes to the Financial Statements are an integral part of this statement.

Auburn University	University of South Alabama	Nonmajor Component Units	Total Component Units
$ 575,187	**$ 479,929**	**$ 829,152**	**$ 4,850,782**
246,509	328,534	408,219	2,086,854
105,625	65,080	166,261	820,748
23,927	3,793	2,956	77,369
376,061	**397,407**	**577,436**	**2,984,971**
(199,126)	**(82,522)**	**(251,716)**	**(1,865,811)**
-	-	-	107,294
-	-	1,218	92,072
-	-	-	4,713
-	-	-	11,308
17,912	-	3,545	86,093
27,124	2,679	14,384	324,240
-	1,875	24,859	64,716
2,767	3,872	6	22,340
206,338	82,967	225,511	1,413,365
-	-	-	(512)
254,141	**91,393**	**269,523**	**2,125,629**
55,015	**8,871**	**17,807**	**259,818**
614,896	209,321	393,243	2,821,183
$ 669,911	**$ 218,192**	**$ 411,050**	**$ 3,081,001**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2003

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the State of Alabama (the primary government) and its component units. Component units are legally separate organizations ("public corporations") for which the primary government is financially accountable. Generally, the primary government is financially accountable if it appoints a voting majority of the organization's board and it can either 1) impose its will on the organization, or 2) there is a financial benefit/burden relationship. If the primary government does not control the board, it may be financially accountable if the organization is fiscally dependent on the State. Organizations making up the primary government and its component units are summarized in the following paragraphs.

1. Primary Government
All State departments, agencies, elected officials, boards, commissions, authorities, committees, halls of fame, educational institutions, and other State organizations (hereafter referred to as "agencies") which are not legally separate are, for financial reporting purposes, part of the primary government. All agencies and funds that operate from within the State Treasury, except those listed later as component units, are part of the primary government. The following non-Treasury agencies operate largely independent of the control of the State Comptroller, State Auditor, and State Treasurer, but lack the corporate powers to make them legally separate and are therefore part of the primary government:

- Alabama College System (two-year schools)
- Alabama State Fire College
- Athens State College
- Aviation Hall of Fame
- Cahaba Advisory Committee
- Commercial Mobile Radio Service Board
- Dental Examiners Board
- Dental Scholarships Awards Board
- Gorgas Memorial Board
- Alabama Industrial Development and Training Institute
- Medical Examiners and Licensure Commission
- Medical Scholarships Awards Board
- Motor Sports Hall of Fame
- Optometric Scholarships Awards Board
- Optometry Board
- Pharmacy Board
- Pilotage Commission
- Podiatry Board
- School of Fine Arts
- Skills Centers
- St. Stephens Historical Commission
- State Port Authority
- State Safety Coordinating Committee
- Women's Hall of Fame

2. Blended Component Units
Blended component units are legally separate but they exist solely to provide services (usually financing) exclusively to the State. Because of this close relationship, they are blended with and reported as though they are a part of the primary government. All references in the financial statements or elsewhere in these notes to the term "primary government" will encompass both the primary government and the blended component units.

The following blended component units were created for the purpose of financing capital expenditures for the State. Each issues revenue bonds that are limited obligations of the component unit. Their boards consist of State officials and specific State

revenues that are pledged for bond repayment. Those marked with a † are currently inactive and had no financial balances or activity in the past fiscal year.

- Agriculture Markets and Coliseum Authority †
- Corrections Institution Finance Authority
- Federal Aid Highway Finance Authority
- Highway Authority †
- Industrial Access Road and Bridge Authority
- Judicial Building Authority
- Alabama Trade School and Junior College Authority †
- Public Health Care Authority
- Gulf State Park Authority†

The Building Renovation Finance Authority has the same characteristics as those in the previous paragraph, but has the added responsibility of operating, maintaining, and renting buildings in the capitol complex that are occupied by State departments.

The State Parks System Improvement Corporation renovates, improves, maintains, and constructs assets belonging to the State Parks System. The six members of the Corporation are State officials.

The Forensic Science Bond Authority has the power to acquire, construct, and equip laboratories and other facilities for the State Department of Forensic Sciences. The four members of the authority are State officials. The Authority had no financial activity in the past fiscal year.

The Alabama State Parking Deck Authority has the authority to sell bonds, operate, maintain, and rent out space in a parking deck on a block in the capitol complex. The Authority has remained inactive since the enabling legislation was passed.

The Educational Television Foundation Authority exists to receive, invest, and expend donated moneys for the purpose of promoting the growth and development of educational television. The Authority consists of thirteen members who are appointed by the Alabama Public Television Commission. As a non-profit public corporation, the Authority provides financing flexibility that the Commission, as part of the primary government, would not otherwise have.

3. Discretely Presented Component Units

Discretely presented component units are organizations, which are legally separate and do not exist to provide services exclusively to the primary government. Providing services to the citizens of the State is not considered the same as providing services to the primary government institution. Financial information for discretely presented component units is segregated on the financial statements and the notes in the "Component Unit" columns in order to emphasize that they are legally separate.

Most of the discretely presented component units have boards that are controlled by the primary government through the appointment of a majority of the board members. The State has been determined to be financially accountable for each organization because it can impose its will on each organization. Unless otherwise noted, financial accountability for each organization described below exists at least in the ability of the State to modify the component unit's budget. Other manifestations of financial accountability may also exist.

For discretely presented component units whose boards are not controlled by the State, the organization has been determined to be fiscally dependent on the State. Unless otherwise noted, fiscal dependency exists at a minimum in the State's ability to modify the component unit's budget. Other manifestations of fiscal dependency may also exist.

When audited financial statements for a discretely presented component unit exist, the address at which such financial statements can be obtained is included in the following paragraphs describing each component unit. For all other discretely presented component units, complete financial statements may be obtained from the State of Alabama, Office of State Comptroller, RSA Union Building, Suite 206, Montgomery, AL 36130-2602.

The Water Pollution Control Authority operates a revolving loan fund to aid municipalities in financing the construction of

wastewater treatment facilities. A five-member board of directors made up of ex officio members governs the Authority. Audited financial statements of the Authority may be obtained from the Alabama Department of Environmental Management, 1400 Coliseum Boulevard, Montgomery, AL 36130.

The Alabama Drinking Water Finance Authority operates a revolving loan fund to aid local governments in financing the construction of sanitary drinking water facilities. A five-member board of directors made up of ex officio members governs the Authority. Audited financial statements of the Authority may be obtained from the Alabama Department of Environmental Management, 1400 Coliseum Boulevard, Montgomery, AL 36130.

The Department of Mental Health and Mental Retardation provides mental health and mental retardation services for the people of Alabama. The Governor of the State and the commissioner of the Department constitute a public corporation and are advised by a sixteen-member board of trustees. The commissioner and ten of the board members are appointed at the discretion of the Governor. The Mental Health Finance Authority exists to provide financing services to the Department, is therefore a blended component unit of the Department, and is included in all amounts reported for Mental Health.

The Crime Victims Compensation Commission awards compensation for economic losses arising from criminal conduct and works to change laws to benefit crime victims. The Commission consists of three members who are appointed by the Governor.

The Tennessee Valley Exhibit Commission operates a public exhibit based primarily on the history of and ongoing activities of the Tennessee Valley Authority and various other public entities involved in energy research and development. The sixteen-member Commission is appointed by the Governor.

The State Industrial Development Authority issues bonds and uses the proceeds to make grants to local industrial development boards. All members of the Authority are elected or appointed State officials.

The Alabama Education Foundation encourages donations of money for local school systems and invests the money for the benefit of each local system. The Foundation is governed by a twelve-member board that is made up of state officials and other individuals appointed by State authorities.

The Supercomputer Authority operates a supercomputer for the use of educational and governmental research institutions, private businesses, and individuals. The eleven directors of the Authority are appointed by State officials.

The boards of the four-year colleges of the State, except for the University of Alabama, are appointed by the State. Those colleges are: Alabama A&M University, Alabama State University, Auburn University, Jacksonville State University, University of Montevallo, University of West Alabama, University of North Alabama, University of South Alabama, and Troy State University. The University of Alabama board of trustees is not controlled by the State, but the university is subject to budgetary control by the State.

Complete financial statements for those universities which are audited may be obtained at the following addresses: Associate Controller, University of South Alabama, AD 380, Mobile, AL 36688-0002; Office of the Vice President for Business and Finance, Alabama A&M University, P.O. Box 369, Normal, AL 35762; Vice-President for Financial Affairs, University of Alabama at Tuscaloosa, P.O. Box 870136, Tuscaloosa, AL 35487-0136; Director of Accounting and Financial Reporting, University of Alabama in Huntsville, Huntsville, AL 35899; Vice President for Financial Affairs and Administration, University of Alabama at Birmingham, Birmingham, AL 35294; Director, Financial Reporting, Auburn University, Auburn University, AL 36849-5161; Comptroller, Station 6060, University of Montevallo, Montevallo, AL 35115-6000.

The Alabama Institute for the Deaf and Blind is an educational institution governed by a fourteen-member board, twelve of whom are appointed by the Governor.

The Marine Environmental Sciences Consortium provides educational programs in marine sciences for the graduate and undergraduate level and conducts research in marine sciences. The board of directors is composed of the chief executive officers of the member institutions.

The Alabama Public School and College Authority issues bonds and uses the proceeds to fund capital construction projects in the local school systems. The Governor, the finance director, and the state superintendent of education constitute the Authority.

The Tombigbee Valley Development Authority consists of six State officials who oversee the development of improvements along the Tombigbee River.

The Higher Education Loan Corporation provides Alabama lending institutions with a secondary market for student loans made under the federal guaranteed student loan program. Audited financial statements may be obtained from the Alabama Commission on Higher Education, P.O. Box 302000, Montgomery, AL 36130-2000.

The U.S.S. Alabama Battleship Commission consists of eighteen members appointed by the Governor. The Commission operates a memorial park centered near the historic battleship.

The fourteen-member board of directors of the Housing Finance Authority is appointed by various State officials. The Authority sells bonds and uses the proceeds to make it possible for lenders to make low interest rate mortgages available to low income home buyers. The primary government does not affect the Authority's budget, but the legislature has historically limited the Authority's ability to issue bonds. Audited financial statements may be obtained from the Authority, P.O. Box 230909, 2000 Interstate Park Drive, Suite 408, Montgomery, AL 36123-0909.

The Alabama Historic Ironworks Commission operates an historic park based on one of the State's early ironworks. Fourteen of the eighteen members on the commission are appointed by the Governor. Part of the Commission's budget is subject to State control. Compilation financial statements may be obtained from the Commission, 12632 Confederate Parkway, McCalla, AL 35111.

The Space Science Exhibit Commission operates the Alabama Space and Rocket Center along with the Space Camp. All eighteen members of the Commission are appointed by the Governor and part of the Commission's budget is subject to State approval. Audited financial statements may be obtained from the Commission at the Alabama Space and Rocket Center, P. O. Box 070015, Huntsville, AL 35807-7015.

The Coosa Valley Development Authority oversees developments and improvements along the Coosa River. Six of the seven members of the Authority are State officials.

The Alabama International Airport Authority was created to develop an international airport in the State. The State controls the appointment of only five of the ten members. All funding for the Authority is through the General Fund, so the Authority is subject to full budgetary control.

The Historical Commission is responsible for the preservation of historic sites, buildings, and objects. The twenty-member Commission is not controlled by the State, but the Commission's budget is subject to State control.

The Choctawhatchee Pea and Yellow Rivers Watershed Management Authority develops and executes plans for water conservation and usage, flood control and prevention, water pollution control, wildlife habitat protection, and erosion control within the boundaries of the Authority. The directors of the Authority are elected by local residents, but the Authority is subject to State budgetary control.

The Agricultural Museum Board exists to preserve and exhibit agricultural artifacts. The Board is not controlled by the State, but it is subject to State budgetary control.

The Music Hall of Fame operates a public exhibit displaying music memorabilia in honor of Alabamians who have made a lasting contribution to music. The Hall has both an independent board and is fiscally independent of the State. The Hall is included in these financial statements because it would be misleading to exclude. The State has some limited budgetary influence and the State funded the construction of the Hall's facilities with a general obligation bond issue.

The Blakeley Historic Authority preserves the historic site of the town of Blakeley and operates a park on the site. The Authority has both an independent board and is fiscally independent of the State. The Authority is included in the reporting entity because the State has some limited budgetary influence and the State provides the majority of the Authority's funding.

The Alabama Incentives Financing Authority was created to fulfill the State's financial commitments made to industries locating and expanding in the State under the terms of legislation granting certain financial incentives. The Authority is made up of three State officials and is authorized to issue bonds to fulfill the State's financial commitments.

The Revolving Loan Fund Authority was created to make grants to twelve regional planning commissions for the purpose of financing local economic development projects. Four of the six members of the Authority are State officials.

The Alabama Twenty-first Century Authority was created to promote economic development and industrial recruitment. The Authority can issue revenue bonds and pledge part of the proceeds of the settlement of the tobacco industry litigation to finance the bonds. The Authority is made up of three State officials.

The Agricultural Development Authority promotes development of agriculture in the State by making low interest loans available to persons engaged in agricultural operations. The seven-member board is made up of three State officials and four other persons appointed by the State.

The Public Historical Sites and Parks Improvement Corporation renovates, improves, maintains, and constructs State owned public historical sites and parks not under the jurisdiction of the Department of Conservation and Natural Resources as well as non-State owned public historical sites and parks. The six members of the Corporation are State officials.

4. Excluded Organizations

Other entities have been examined but failed to meet the criteria for inclusion in the State's reporting entity. The city and county boards of education are legally separate organizations whose boards are not controlled by the State. They are fiscally dependent on both the State and local governments. It is more appropriate that they be included as part of a local government's reporting entity.

The Elk River Development Agency, Bear Creek Development Authority, and Cahaba Trace Commission are legally separate organizations whose boards are neither controlled by the State nor are they fiscally dependent on the State. All three of these organizations are excluded. The many local soil and water conservation districts are legally separate organizations which have independent boards and are fiscally independent. In keeping with their independence, they are excluded from this report.

5. Sources of Information

The majority of State organizations, whether primary government or component unit, conduct their financial operations from the State Treasury through the State's central accounting system under the supervision and review of the State Comptroller, State Treasurer, and State Auditor. The source of information on these agencies is the State's central accounting system. For these agencies, the recording of cash, warrants payable, encumbrances, salaries payable, compensated absences, most investments, most short-term payables, most revenues and most expenditures/expenses are controlled by the State Comptroller and/or the State Treasurer and are therefore subject to extensive scrutiny. Accruals of revenues, a few accruals of expenditures/expenses, and all other accounts, such as depreciation, capital assets, inventories, and capital leases, generally are based on data provided by the individual agencies. The data provided by the agencies are reviewed and recorded once a year and are believed to be materially correct even though they are not generally subject to extensive scrutiny by the State Comptroller, State Treasurer, or State Auditor.

There are some organizations and funds which meet the criteria for inclusion as part of the reporting entity even though they have the authority to conduct their financial operations through bank accounts and accounting systems outside the State Treasury, independent of the direct daily control of the State Comptroller, State Treasurer, and State Auditor. These non-Treasury agencies are included in the financial statements based on information provided to the State Comptroller once a year by the agency or the agency's auditors. Whenever possible, the non-Treasury agencies are reported as they appeared in the information submitted to the State Comptroller. However, corrections or modifications have been made whenever required to comply with generally accepted accounting principles or wherever necessary to ensure consistent statewide report presentation.

The following non-Treasury agencies and funds are included in this report:

a. Primary Government

- Alabama College System
- Alabama Health Insurance Plan

- Alabama Industrial Development Training Institute
- Alabama School of Fine Arts
- Alabama Skills Center
- Alabama State Port Authority
- Alabama State Fire College
- Athens State College
- Attorney General Outside Accounts
- Aviation Hall of Fame
- Blind Vendors Fund
- C.C. Smith Trust Fund
- Charlotte Thorn Endowment Fund
- Commercial Mobile Radio Service Board
- Corrections Bank Accounts and Agency Funds
- Corrections Canteen Funds
- Corrections Institute Finance Authority Bank Account
- Court System Local Accounts
- Dental Examiners Board
- Dental Scholarships Awards Board
- Department of Human Resources Local Funds and Child Support Funds
- Educational Television Foundation Authority
- Geological Survey Library Revolving Fund
- Gorgas Memorial Board
- Hicks Memorial Endowment Fund
- High School of Math and Science
- Insurance Department Statutory Deposits
- Mary May Eliot Memorial Fund
- Medicaid Agency Lien Account and Qualifying Individual (2 Funds)
- Medical Scholarships Awards Board
- Medical Examiners and Licensure Commission
- Men’s Hall of Fame Outside Account
- Military Department Unit Funds
- Montgomery Downtown Redevelopment Authority
- Motor Sports Hall of Fame
- National Guard Canteen Funds
- Non-Emergency Transportation
- Optometry Board
- Optometric Scholarships Awards Board
- Peace Officers' Annuity and Benefit Investment Account
- Pharmacy Board
- Pilotage Commission
- Podiatry Board
- Public Health Care Authority
- Public Health Local Funds
- Public Safety Narcotics Funds
- Sports Hall of Fame Checking Account
- State Bar Checking Account
- State Bar Client Security
- State Bar Foundation
- State Port Authority Hourly Pension Plan
- State Port Authority Railway Pension Plan

- State Safety Coordinating Committee
- Student Assistance Initiated Loan Servicing Account
- Supreme Court Checking Account
- Transportation Surety Bonds
- Unemployment Compensation Funds
- Victims Services Fund
- W.V. Chambliss Trust Fund
- Women's Hall of Fame
- Youth Service Student Accounts and Local Funds

b. Discretely Presented Component Units

- Alabama A & M University
- Alabama Drinking Water Finance Authority
- Alabama Higher Education Loan Corporation
- Alabama Historic Ironworks Commission
- Alabama Housing Finance Authority
- Alabama Incentives Financing Authority
- Alabama Institute for Deaf and Blind
- Alabama State University
- Auburn University
- Blakeley Historic Authority
- Cahawba Advisory Committee
- Crime Victims' Compensation Fund
- Jacksonville State University
- Marine Environmental Sciences Consortium
- Mental Health Client/Patient Funds
- Mental Health Capital Projects - Bank Account
- Music Hall of Fame
- Space Science Exhibit Commission and Space Science Exhibit Finance Authority
- St Stephens Historical Commission
- Troy State University
- U.S.S. Alabama Battleship Commission
- University of Alabama in Birmingham
- University of Alabama in Huntsville
- University of Alabama in Tuscaloosa
- University of Montevallo
- University of North Alabama
- University of South Alabama
- University of West Alabama
- Water Pollution Control Authority

B. Government-Wide and Fund Financial Statements

1. Government-Wide Financial Statements

Government-wide financial statements include two basic financial statements: the Statement of Net Assets and the Statement of Activities. The two statements report the State's governmental activities separately from its business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Fiduciary funds and fiduciary-type component units are excluded from the government-wide financial statements.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net Assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them available for general operations.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

2. Fund Financial Statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Measurement Focus and Basis of Accounting

These financial statements are reported in conformity with generally accepted accounting principles (GAAP) unless otherwise noted on the face of the statement or in the Notes to the Financial Statements. GAAP basis reporting differs considerably in some ways from the budgetary and cash basis accounting under which the State budgets and operates.

a. Accrual Basis

Under GAAP, the government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recognized and recorded when earned and expenses are recorded when a liability is incurred for exchange and exchange-like transactions, regardless of the timing of cash flows. For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No.33. For derived nonexchange transactions, receivables and revenues are recognized when the underlying exchange has occurred. For imposed nonexchange transactions, receivables are recognized when an enforceable legal claim has arisen. Revenues are recognized when resources are required to be used or the first period that use is permitted.

Property taxes are recognized as revenues in the year for which they are levied. For government mandated nonexchange revenues such as grants, GAAP require the recognition of assets, revenues, liabilities, and expenditures when all eligibility requirements have been met and (for revenues) resources are available. Agency funds, fiduciary in nature, do not recognize revenues and expenditures.

The State has elected to exercise paragraph 6 of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." Statement No. 20, paragraph 6, requires that all proprietary activities should apply all applicable GASB pronouncements as well as any Financial Accounting Standards Board

(FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure (CAP) issued on or before November 30, 1989, unless such FASB, APB, and CAP pronouncements conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989, even if they modify an applicable FASB, APB, or CAP pronouncement, are not applicable unless adopted by a GASB pronouncement.

b. Modified Accrual Basis

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this focus, only current assets and current liabilities generally are included on the balance sheet. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers tax revenues and court settlements to be available if they are collected within sixty days of the end of the fiscal period. Revenues that the State earns by incurring obligations are recognized in the same period as when the obligations are recognized. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due and payable.

Under the modified accrual basis of accounting, recognition criteria are different for exchange and nonexchange transactions. For exchange and exchange-like transactions, revenues and related current assets are recognized when measurable and available to finance operations during the year or if available to liquidate liabilities existing at the end of the year. Therefore, in governmental fund financial statements, revenues and the resulting assets are accrued at year-end only if the revenues are earned and the receivables are expected to be collected in time to pay for liabilities in existence at the end of the period. Expenditures are recognized when the related fund liability is incurred, except for items that are not expected to be liquidated with expendable available resources, such as the long-term portion of compensated absences payable and capital lease obligations. Therefore, expenditures and the related liabilities are accrued at year-end only when they are normally payable from current expendable funds. In order to determine which revenues should be accrued, an arbitrary time limit is established. Revenues are recognized when measurable and available. The State uses sixty days after fiscal year end as the time limit for the accrual of revenues. For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No. 33. For income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, and other derived nonexchange transactions, receivables and revenues are recognized when the underlying exchange has occurred and the resources are available. For property taxes, and other imposed nonexchange transactions, receivables are recognized when an enforceable legal claim has arisen. Revenues are recognized when resources are required to be used or the first period that use is permitted and the resources are available. For property taxes, revenues are recognized if received within sixty days; otherwise, deferred revenue is recognized. For federal grants and other government mandated nonexchange revenues, assets, revenues, liabilities, and expenditures are recognized when all eligibility requirements have been met and (for revenues) resources are available. For reimbursement-type federal grants, eligibility requirements are met when recipients incur allowable costs, not when those costs are submitted for reimbursement.

Material accruals are for income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, property taxes, federal grants, and interest.

2. Financial Statement Presentation

a. Major Funds

The State reports six major governmental funds. The **General Fund** is the State's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The **Education Trust Fund** accounts for the revenues collected for the support, maintenance, and development of public education in Alabama. The **Alabama Trust Fund** consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast. Investment income is used to support the General Fund, Forever Wild Land Trust, and a variety of capital projects and debt service. **Medicaid** accounts for the portion of the Medicaid program that is funded by Federal revenues and other non-State revenue sources. The **Public Road and Bridge Fund** accounts for highway construction, maintenance, and operations. The **Public Welfare Trust Fund** accounts for the administration of a broad range of social and protective services programs that provide financial assistance to individuals.

The State reports five major enterprise funds. The **Unemployment Compensation Trust** accounts for the payment of unemployment compensation benefits. The **State Port Authority** was created to engage in promoting, developing, constructing, maintaining, and operating harbors, seaports, and river ports within the State of Alabama. The **Alabama College System** accounts for the revenues and expenditures of the State's community, junior, and technical colleges. The **Alcoholic Beverage Control Board** was created to control alcoholic beverages through distribution, licensing, and enforcement. The **Public Education Employees Health Insurance Plan** provides health insurance coverage to all local school system employees as well as many employees of higher education institutions.

b. Nonmajor Funds

The State reports a number of nonmajor governmental funds, proprietary funds, and fiduciary funds.

Governmental Fund Types:
Special Revenue Funds include operating fund activities financed by specific revenue sources that are legally restricted for specific purposes. Examples include public health, education, and economic and community affairs.

Debt Service Funds account for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.

Capital Projects Funds account for the acquisition, construction, and improvement of major general governmental capital assets financed principally by bond proceeds.

Permanent Funds report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

Proprietary Fund Types:
Enterprise Funds report the activities for which fees are charged to external users for goods or services, such as health insurance and the sale of surplus property.

Internal Service Funds provide goods or services primarily to other agencies or funds of the State, rather than to the general public. Examples include information technology, telecommunications, office building rentals, motor pool, printing, and state employees' health insurance. In the government-wide statements, internal service funds are included with governmental activities. Eliminations have generally been made to minimize the double counting of internal activity, including internal service fund type activity on the government-wide financial statements.

Fiduciary Fund Types:
Pension and Other Employee Benefit Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans, deferred compensation plan, individual retirement accounts, and flexible employees' benefit plan. The defined benefit pension plans include plans for state employees, state police, some city and county employees, teachers, judges, peace officers, state dock employees, and circuit clerks of the courts.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's largest private purpose funds are education related for either college tuition benefits or local public schools. There are five endowment funds established by private citizens that the State manages as trustee for local school systems and reports as Local Education Endowments. The Foundation for Local Schools was established so that the Retirement Systems of Alabama can use its investing expertise to get maximum return on investments for numerous small local school foundations and trusts.

Agency Funds report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State has agency funds that account for some taxes collected, payroll withholdings, child support payments, cash bonds, and various other purposes.

D. Fiscal Year

The State fiscal year ends on September 30. One component unit, the Alabama Space Science Exhibit Commission, has the power to set its own fiscal year (*Code of Alabama 1975*, Section 41-10-307 as amended). The Commission has set its fiscal year to end on the last Sunday in September in order to coordinate its accounting period with the weekly cycle of campers. The Commission's fiscal year for 2003 ended on September 28. The difference in fiscal years had no material effect on the financial statements.

E. Assets, Liabilities, and Net Assets and Fund Balances

1. Cash and Cash Equivalents

Cash and Cash Equivalents, as reported on the financial statements (the government-wide and the fund financial statements), are under the control of the State Treasurer or other administrative bodies as determined by law. The cash in all funds operating from the State Treasury is pooled as treasury cash and invested by the State Treasurer. The State Treasurer has statutory authority to invest treasury cash in demand accounts or time deposit-open accounts with any qualified public depository. The State Treasurer can also invest up to twenty percent of treasury cash in securities and obligations of the U.S. Treasury or federal agencies for a period of time that may exceed one year. Cash equivalents in the State Treasury consist of short-term repurchase agreements and other allowable time deposits with an original maturity date of three months or less at the date of purchase. Commercial paper is reported as an investment regardless of the original maturity date. For funds operating outside the State Treasury, cash and cash equivalents generally include demand deposit accounts, petty cash accounts, and short-term, highly liquid investments with a maturity date of three months or less when purchased.

2. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as either "Due To or Due From Other Funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the government-wide and governmental fund financial statements, the largest receivables are amounts due from other governments, consisting almost entirely of grants and reimbursements due from the federal government where collectibility is reasonably assured. Accordingly, no allowance for uncollectible accounts has been established. Amounts due from local governments are not a significant portion of amounts due from other governments.

The second largest receivables are amounts accrued for income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, and property taxes as required by GASB Statement No. 33. These are also accrued in the government-wide and governmental fund financial statements.

The property tax calendar for the State is simple. The levy date, the assessment date, and the lien date are all the same date – October 1. On October 1, the assessed value of all property is multiplied by the applicable rates to levy the property tax. On that date, the State has a lien (a legal claim) against the property. The property tax is not due until October 1 the following year. The property tax is paid in arrears between October 1 and December 31. After December 31, it is delinquent.

In the financial statements of the primary government, the State records few significant Accounts Receivable because those types of revenues are generally not susceptible to accrual under the provisions of Amendment 26 to the *Constitution of Alabama 1901*. Amendment 26 affects only those funds operating from the State Treasury under the control of the State Comptroller, which includes most of the funds of the primary government. The primary government has minimal amounts of Notes and Leases Receivable, as such agreements would constitute an illegal extension of credit by the State for any fund operating from the State Treasury. Interest and Dividends Receivable includes amounts earned on investments, notes, mortgages, and loans receivable.

For component units, Mortgages, Notes, and Loans Receivable consist primarily of loans made by the Alabama Housing Finance Authority. The mortgage loans of the Authority are carried at their unpaid principal balances less an allowance for loan losses. Also included in this category are student loans owed to the Alabama Higher Education Loan Corporation. The loans are reported net of an allowance for uncollectible loans.

Due From Other Governments as reported for the component units consist almost entirely of amounts owed by local governments. Most of the amount consists of loans made by the Alabama Water Pollution Control Authority. Accounts Receivable as reported for the component units are comprised primarily of amounts owed to colleges.

3. Inventories

Inventories of supplies in governmental fund financial statements are reported at cost using the purchases method. An inventory asset account is reported on the balance sheet with an offset to Reserved for Inventory. Inventories of materials and supplies on proprietary fund financial statements are determined by both physical counts and through perpetual inventory systems and are valued at the lower of cost or market. Valuation methods used on the proprietary and governmental fund financial statements include first-in first-out, average cost, weighted average, and retail inventory method.

Surplus supplies, materials, and property from State agencies and the Federal Government are recorded as inventory at historical cost in two internal service funds. The market value of the inventory in the surplus property funds is significantly lower than the historical cost because of the age and condition of the items.

4. Investments

Investments as reported on the Statement of Net Assets include long-term investments. As required by GASB No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", most investments are recorded at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Mortgage-backed securities are reported based on future principal and interest payments discounted at the current interest rate for similar instruments. The fair value of real estate investments is based on independent appraisals. No investments are recorded at amortized cost.

5. Restricted Assets

Component Unit assets required to be held and/or used as specified in bond covenants have been recorded as "Restricted Assets." These assets consist primarily of U.S. Treasury obligations and certificates of deposit.

6. Capital Assets

Capital assets, which include buildings, land, equipment, infrastructure (e.g., roads and bridges) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial cost of at least $5,000 and an estimated useful life in excess of two years. Capitalized assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements Other than Buildings	25
Equipment	5-12

Land, infrastructure, construction in progress and historical artifacts are not depreciated. The State has elected to apply the modified approach to accounting for infrastructure (e.g., roadways, bridges, and tunnels). Under this approach, the infrastructure assets are not depreciated because the State is committed to maintaining the assets at a minimum condition level that the Department of Transportation (ALDOT) has determined to be adequate to meet the needs of the citizens. Costs for maintenance and preservation are expensed in the period incurred. Additions and improvements are capitalized. The ALDOT maintains an inventory of all infrastructure assets and performs regular condition assessments of those assets to establish that they are in fact being maintained at or above the condition level established. ALDOT also makes an annual estimate of the cost necessary to maintain and preserve those infrastructure assets at the target condition level. The State has elected to phase in the reporting of infrastructure. The cost of infrastructure reported this year consists only of projects capitalized during 2002 and 2003. It is

anticipated that the cost of infrastructure that was constructed and completed in prior years will be included in the fiscal year 2004 Comprehensive Annual Financial Report.

Extensive project documentation is required to meet various Federal and State guidelines concerning the construction of infrastructure. The completeness of this documentation affects the timing of project capitalization. The State capitalizes infrastructure when all costs for a project are incurred and all project documentation is satisfactorily completed, filed and accepted with the appropriate entities. Projects that meet the cost and documentation criteria are closed and appropriate entries are made to adjust the Infrastructure Construction in Progress and Infrastructure asset accounts annually. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service on the State's roadway network and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred.

7. Compensated Absences

Employees in permanent positions accrue annual leave at a rate of four to nine hours bi-weekly, depending upon their length of service. Upon separation from service, an eligible employee is paid for the actual number of annual leave days he has earned, up to a maximum of sixty days, with the amount being computed on the basis of his daily pay rate at time of separation multiplied by the number of days leave due.

Sick leave is accrued at a rate of four hours bi-weekly. Employees may accumulate up to a maximum of 150 days sick leave. Employees may be compensated for one-half of the maximum accrued sick leave only upon retirement from state service. The employee must have twenty five years of service or have attained the age of 60 and have ten years of service to be eligible to retire. State Troopers must have twenty five years of service or have attained the age of 52 and have ten years of service to be eligible to retire. When a state employee in the classified service dies while in active service to the State, the estate of the deceased employee shall receive a monetary payment of fifty percent of the accrued and unused sick leave, not to exceed 600 hours, which the employee was credited with at the time of his or her death.

The monetary value of accumulated annual and sick leave payable upon termination or retirement is included in the government-wide statement of net assets, proprietary fund financial statements, and fiduciary fund financial statements. In the governmental fund financial statements, amounts to be paid from expendable available resources are recognized as current fund liabilities. Current liabilities were determined from actual termination or retirement payments made during the two months following the end of the fiscal year. Amounts not payable from expendable available resources (long-term liabilities) are reported in the government-wide Statement of Net Assets.

The liability at September 30, 2003, was computed using salary rates effective at that date including the employer's share of social security and Medicare taxes payable and represents annual and sick leave earned up to the allowable ceilings. The sick leave is calculated separately for vested and non-vested employees. Sick leave is subjected to an actuarially determined probability multiplier that the employee will remain to retire and collect sick leave. The probability multipliers are as follows:

	Vested	Non-vested
Public Education Employees	.80	.45
State Employees	.74	.32

8. Long-Term Obligations

Long-term debt is recognized as a liability in governmental fund financial statements when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a liability in governmental fund financial statements. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds in the proprietary fund financial statements.

9. Net Assets and Fund Balances

As discussed previously, net assets on the government-wide financial statements and the proprietary fund financial statements are reported in three categories: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets.

Reservations of fund balance on the governmental fund financial statements indicate that a portion of the fund balance is not available for appropriation and expenditure or is legally segregated for a specific future use. Fund balance designations are established to indicate tentative plans for financial resource utilization in a future period. Such designations reflect managerial plans or intent as distinguished from legally required reserves.

F. Proprietary Fund Operating Revenues and Expenses

Proprietary funds report operating revenues and expenses separately from non-operating items. Operating items generally result from producing and delivering goods and services that are a normal part of the primary business of the fund. For example, investment income is an operating item for the Risk Management internal service fund, as they collect insurance premiums and invest the money until it is needed to cover claims. In most other proprietary funds, investing is not part of producing and delivering goods or services and is therefore a non-operating item. When not contradictory to this principal, operating items are defined consistent with the definition of operating items for cash flow statements in GASB Statement No. 9. The most significant non-operating items are reported as non-operating revenues for the Unemployment Compensation Trust and the Alabama College System. For the Unemployment Compensation Trust, these non-operating revenues consist primarily of federal drawdowns. For the Alabama College System, these non-operating revenues are federal grants.

G. New Accounting Pronouncements

During the current fiscal year, the State implemented the following new accounting pronouncements:

GASB Statement No. 38: Certain Financial Statement Note Disclosures; paragraphs 12-15
GASB Statement No. 41: Budgetary Comparison Schedules—Perspective Differences (an amendment of GASB Statement No. 34)
GASB Technical Bulletin 2003-1: Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets

NOTE 2 - FUND BALANCES

A. Restatements

Fund balances and Net Assets as of October 1, 2002 have been restated for certain accounting changes necessary to conform to GAAP.

(Amounts In Thousands)	Sept. 30, 2002 As Previously Reported	Fund Reclassification	Prior Period Accounting Adjustments	Oct. 1, 2002 As Restated
Primary Government				
Governmental Funds				
General Fund	$ 152,028	$ -	$ 46	$ 152,074
Education Trust Fund	81,811	-	(12,278)	69,533
Alabama Trust Fund	2,175,845	-	-	2,175,845
Medicaid Fund	(71,577)	-	-	(71,577)
Public Road & Bridge Fund	429,583	-	58,891	488,474
Public Welfare Trust Fund	22,443	-	5,803	28,246
Nonmajor Governmental Fund	1,058,400	-	20,818	1,079,218
Total Governmental Funds	**$ 3,848,533**	**$ -**	**$ 73,280**	**$ 3,921,813**
Proprietary Funds				
Unemployment Compensation	$ 358,923	$ -	$ 610	$ 359,533
State Port Authority	175,062	-	-	175,062
Alabama College System	447,638	-	(11,645)	435,993
Alcoholic Beverage Control Board	(4,202)	-	-	(4,202)
Public Ed Employees' Health Insurance	-	31,579	-	31,579
Nonmajor Enterprise Funds	54,610	(31,579)	238	23,269
Internal Service Funds	155,277	-	(2,494)	152,783
Total Proprietary Funds	**$ 1,187,308**	**$ -**	**$ (13,291)**	**$ 1,174,017**

Governmental Activities	
September 30, 2002, as Previously Report	$ 7,457,260
Capital Asset Restatements	37,082
Long-term Debt Restatements	(5,416)
Governmental Fund Restatements	73,280
Internal Service Fund Restatements	(2,494)
Net Assets, October 1, 2002, as Restated	**$ 7,559,712**

The restatement of ($12,278,000) in the Education Trust Fund was the result of an error in the distribution of revenues in a prior year. An offsetting restatement for $12,278,000 is included in the amount reported for Nonmajor Governmental Funds. Most of the restatement for the Public Road and Bridge Fund is for an amount Due From the Federal Government that was not reported last year. The Public Welfare Trust Fund was also restated for a federal receivable. Improved information on real property created most of the restatement of $37,082,000 in Government-wide Capital Assets.

(Amounts In Thousands)	Sept. 30, 2002 As Previously Reported	Prior Period Accounting Adjustments	Oct. 1, 2002 As Restated
Component Units			
Public School and College Authority	$ (1,099,657)	$ (5,252)	$ (1,104,909)
Mental Health	71,062	(14,258)	56,804
Housing Finance Authority	186,659	-	186,659
Water Pollution Control Authority	194,781	29	194,810
University of Alabama	2,270,359	-	2,270,359
Auburn University	614,896	-	614,896
University of South Alabama	209,321	-	209,321
Other Component Units	421,727	(28,484)	393,243
Total Component Units	**$ 2,869,148**	**$ (47,965)**	**$ 2,821,183**
Fiduciary Funds			
Pension Trust Funds	$ 21,562,362	$ 1	$ 21,562,363
Private Purpose Trust Funds	488,508	9,739	498,247
Total Fiduciary Funds	**$ 22,050,870**	**$ 9,740**	**$ 22,060,610**

B. Fund Balance/Net Assets Deficits

1. Primary Government

Medicaid, a major governmental fund, had a deficit in unreserved, undesignated fund balance of $58,310,000 leading to a total deficit in fund balance of $57,540,000. This was due primarily to the accrual of claims outstanding on September 30, 2003. The expense was recognized in 2003 and will be paid in 2004.

The Alcoholic Beverage Control Board, a major proprietary fund, had a deficit in unrestricted net assets of $3,951,000 at September 30, 2003, causing a deficit in total net assets of $2,712,000. The deficits are largely due to the accrual of liabilities for compensated absences and salaries payable made in 2003. The Board, by law, operates on a cash basis and is required to distribute 100 percent of its earnings.

The Public Education Employee Health Insurance Plan, a major enterprise fund, had a deficit in net assets of $6,179,000 at September 30,2003, causing a deficit in total net assets of $6,179,000. The excess claims expense over premiums revenue was the primary reason for the deficit.

The Building Renovation Finance Authority, an internal service fund, had a deficit in net assets of $11,619,000. The Authority has a deficit balance of $29,873,000 in net assets invested in capital assets, net of related debt while having a positive unrestricted net assets balance of $18,254,000. The fund's major assets are buildings, which have depreciated values that are less than the long-term debt associated with them.

The Revenue Administrative Special Revenue Fund had a deficit in unreserved undesignated fund balance of $270,000, and the overall total fund balance is a positive $521,000. The deficit was created primarily by the accrual of salaries payable.

2. Component Units

The Public School and College Authority, a major component unit, had a deficit in unrestricted net assets of $1,211,216,000 causing a deficit in total net assets of $1,197,446,000. The Authority issues bonds to raise money for grants which are made primarily to local school systems for the construction and improvement of educational buildings owned by those systems.

Water Pollution Control Authority, a major component unit, had a deficit unrestricted net asset balance of $142,000 while the overall net assets balance was a positive $202,188,000.

The Alabama Space Science Exhibit Commission, a nonmajor component unit, had a deficit in unrestricted net assets of $5,767,000, and the overall total net assets balance is a positive $16,528,000. Almost all of the Commission's assets are capital assets.

The Incentives Finance Authority, a nonmajor component unit, had a deficit in unrestricted net assets of $139,379,000. The Authority issues bonds to raise money to fund financial commitments to industries relocating to Alabama and therefore the Authority accumulates few assets. The resources to pay the debt will come from future tax revenues.

The Twenty-first Century Authority, a nonmajor component unit, had a deficit in unrestricted net assets of $50,269,000. The Authority issues bonds for the purpose of promoting economic development and industrial recruitment in the State and therefore the Authority accumulates few assets. The debt will be repaid with future revenues from the tobacco settlement.

The Alabama Supercomputer Authority, a nonmajor component unit, had a deficit in unrestricted net assets of $41,000, while the overall net assets balance was a positive $765,000. The deficit was caused by the accrual of compensated absences.

The State Industrial Development Authority, a nonmajor component unit, had a deficit in unrestricted net assets balance of $16,170,000. The Authority issues bonds to finance projects that promote the industrial development of the State, primarily through grants to local development authorities. The resources to repay the debt will come from future tax revenues.

The Revolving Loan Fund Authority, a nonmajor component unit, had a deficit in unrestricted net assets of $11,271,000. The Authority issues bonds for making grants to Regional Planning and Development Commissions to be utilized as revolving loans by the grantees. The resources to repay the debt will come from future tax revenues.

The Tennessee Valley Exhibit Authority, a nonmajor component unit, had a deficit in unrestricted net assets of $1,986,000.

The Historical Commission, a nonmajor component unit, had a deficit in unrestricted net assets of $1,741,000 while the overall net assets balance was a positive $79,307,000.

NOTE 3 - ASSETS

A. Cash Deposits

The State Treasurer has statutory authority to deposit treasury cash in demand accounts or time deposit - open accounts with any qualified public depository. The State Treasurer may also invest up to twenty percent of treasury cash in securities and obligations of the U.S. Treasury or federal agencies for a period of time that may exceed one year. Funds may also be invested in obligations of the United States or its agencies under a repurchase agreement for a shorter period of time than the maturity date of the security.

Deposits of both the primary government and its component units are entirely insured by Federal depository insurance or protected under the Security for Alabama Funds Enhancement (SAFE) Program. The *Code of Alabama 1975* requires all State organizations, including component units, to participate in the SAFE Program. The SAFE Program is a multiple financial institution collateral pool. The SAFE Program requires all public funds to be deposited in a financial institution designated by the State Treasurer as a qualified public depository. Each qualified public depository is required to pledge collateral in accordance with the rules established by the SAFE Board of Directors. In the event that a qualified public depository defaults or becomes insolvent and the pledged collateral is insufficient to satisfy the claims of public depositors, the *Code of Alabama 1975,* Section 41-14A-9(3) authorizes the State Treasurer to make assessments against the other qualified public depositories in the pool so that there will be no loss of public funds.

B. Investments

Investments are made in accordance with the statutes creating the various agencies of the State of Alabama. The following describes the investments made by the major investing agencies of the State:

1. Primary Government

State Treasurer - The State Treasurer may legally invest state funds in repurchase agreements, obligations of the U.S. Treasury, Federal Land Bank bonds, Federal Home Loan Bank notes and bonds, Federal National Mortgage Association notes, and debentures or obligations guaranteed by the U.S. government.

Alabama Trust Fund (ATF) – Investments are limited to those authorized by law for the Retirement Systems of Alabama. The investments authorized for the Retirement Systems are described later in this section.

Prepaid Affordable College Tuition (PACT) Program - The State is responsible for the management of the investments of the PACT program, although the investments are not property of the State. The funds may be invested in any instrument, obligation, security or property that constitutes legal investments for investment of public funds in the State, including legal investments of the State Treasurer and the Alabama Trust Fund that are deemed most appropriate by the PACT board and may be pooled for investment purposes with any other investment of the State which is eligible for asset pooling.

2. Fiduciary Funds

Retirement Systems of Alabama (RSA) - The Retirement Systems of Alabama administers the Teachers' Retirement System, Employees' Retirement System, and Judicial Retirement Fund. RSA may invest in any types of investments that the Board of Control of each individual system approves. Each Board is limited only by the "Prudent Man Rule" which requires it to use due care, skill, prudence, and diligence under the prevailing circumstances that a prudent man acting in a like capacity and familiar with such matters would use in investing.

Deferred Compensation Plan RSA-1 – A deferred compensation plan is administered by the Retirement Systems of Alabama (RSA). The plan is named the Public Employees' Individual Retirement Account/Deferred Compensation Plan, and is commonly referred to as RSA-1. By law, RSA-1 investments are made under the same rules, regulations, conditions, and guidelines governing the RSA.

3. Component Units

Alabama Water Pollution Control Authority (AWPCA) The AWPCA is authorized to invest in (a) any debt securities that are direct or general obligations of the U. S.; (b) any debt security unconditionally guaranteed (principal and interest) by the U. S.; and (c) repurchase agreements collateralized by securities of the type described in (a) and (b) above or with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investor Service, Inc., and "A-1" or "A-" or better by Standard & Poor's Corporation.

Alabama Housing Finance Authority (AHFA) - The Authority is authorized to invest in bonds or other obligations issued or guaranteed by the U.S. Government, or any agency thereof, or the State of Alabama. In addition, the Authority may invest in interest-bearing bank and savings and loan association deposits, any obligations in which a State-chartered savings and loan association may invest its funds, any agreement to repurchase any of the foregoing, or any combination thereof. Each of the trust indentures established under the Authority's mortgage revenue bond programs contain further restrictions on the investment of non-expended bond proceeds; however, each trust indenture must be consistent with the Authority's authorizing legislation with respect to the definition of eligible investments. The Authority's program investments consist of Government National Mortgage Association (GNMA) or Federal National Mortgage Association (FNMA) pass-through certificates, all of which are pledged as security for the mortgage revenue bonds.

Other investments include unexpended bond proceeds, temporary and reserve funds established under the provisions of various trust indentures, and investments of the Authority's operating fund.

Higher Education Loan Corporation - The bond trust indentures authorize the Corporation to invest bond proceeds only in certain types of investments including, but not limited to: (1) direct obligations of, or obligations unconditionally guaranteed by, the U.S. Government; (2) bank demand deposits and certificates of deposit insured by the Federal Deposit Insurance Corporation or fully secured by obligations with the same characteristics as those described in items (1) above or (3) below; (3) obligations of or guaranteed by any agency or instrumentality of the U. S. Government; (4) obligations with the same characteristics as those described in items (1) and (3) above held by the Trustee under written agreement whereby a bank or trust company agrees to repurchase the obligations, providing that the market value of such obligations, as determined monthly, is always at least equal to the repurchase prices specified in the agreement; (5) money market funds consisting solely of securities similar to those described in items (1), (3), and (4) above; (6) guaranteed investment contracts, and (7) any other investments or obligations consented to by the bond insurance provider.

Investments Made by Colleges and Universities - The colleges and universities invest funds in accordance with the applicable limits set forth in the gift instruments, Board of Trustees guidelines, or other applicable laws. Certain bond indentures require that the bond funds invest all amounts in federal securities or eligible certificates. In accordance with GASB No. 31, most investments are stated at fair value.

C. Investment Credit Risk

The tables on the following pages summarize the carrying and fair value of the State's investments by type and categorizes the investments by level of credit risk as follows:

Category 1 - Insured or registered, or securities held by the State or its agent in the State's name.

Category 2 - Uninsured or unregistered, with securities held by the counterparty's trust department or agent in the State's name.

Category 3 - Uninsured or unregistered, with securities held by the counterparty, or its trust department or agent, but not in the State's name.

Investments not required to be categorized are presented “below the line,” followed by reconciling items between this note and the total investments as shown on the balance sheet.

INVESTMENT CREDIT RISK
PRIMARY GOVERNMENT AND FIDUCIARY FUNDS
(Amounts in Thousands)

	Category 1	Category 2	Category 3	Carrying and Fair Value
Investments Categorized				
Commercial Paper	$ 48,211	$ 24,263	$ 617,550	$ 690,024
U S Government Guaranteed Securities	237,841	8,952	17,995	264,788
U S Agency Securities	1,604,956	39,759	-	1,644,715
International Securities	178,143	-	2,064,414	2,242,557
State and Local Government Securities	34,950	-	3,855	38,805
Mortgage-backed Securities	692,459	5,958	7,207	705,624
Corporate Bonds	4,105,269	6,169	3,000	4,114,438
Common and Preferred Stocks	10,880,873	6,812	250	10,887,935
Repurchase Agreements	11,860	167,287	13,408	192,555
Securities Purchased with Cash Collateral:				
Repurchase Agreements	-	-	2,505	2,505
Subtotal				20,783,946
Investments Not Categorized				
Real Estate and Mortgages				1,415,577
Mutual Funds				865,992
Private Placements				4,017,050
Securities Lent Under Securities Lending for Cash Collateral				
Domestic Corporate Bonds				2,190
International Stocks				251
Total Primary Government and Fiduciary Funds	**$ 17,794,562**	**$ 259,200**	**$ 2,730,184**	**$ 27,085,006**

Reconciliation to the Government-wide Statement of Net Assets	
Investments Per Investment Note	$ 27,085,006
Certificates of Deposit †	56,169
Cash Equivalents †	(167,581)
Investments Classified as Restricted Assets	(3,226)
Securities Purchased with Securities Lending Collateral	(2,505)
Fiduciary Funds	(24,338,034)
Investments per Government-wide Statement of Net Assets	**$ 2,629,829**

† Investment types not required to be presented in the investment credit note.

INVESTMENT CREDIT RISK
DISCRETELY PRESENTED COMPONENT UNITS
(Amounts in Thousands)

	Category 1	Category 2	Category 3	Carrying and Fair Value
Investments Categorized				
Commercial Paper	$ 2,718	$ -	$ 436	$ 3,154
U S Government Guaranteed Securities	545,261	14,858	83,671	643,790
U S Agency Securities	41,721	-	-	41,721
Mortgage-backed Securities	702,975	-	-	702,975
Corporate Bonds	30,212	-	-	30,212
Common and Preferred Stocks	92,923	-	-	92,923
Repurchase Agreements	163,704	205,210	-	368,914
University Pooled Investments	136,957	-	-	136,957
Subtotal				2,020,646
Investments Not Categorized				
Real Estate and Mortgages				13,890
Mutual Funds				78,254
Pooled Investments				1,421,444
Guaranteed Investment Contracts				111,937
Private Placements				38,236
Trusts Held By Others				5,475
Total Component Units	**$ 1,716,471**	**$ 220,068**	**$ 84,107**	**$ 3,689,882**

Reconciliation to Government-wide Statement of Net Assets	
Investments Per Investment Note	$ 3,689,882
Certificates of Deposit †	10,117
Cash Equivalents †	(58,836)
Investments Classified as Restricted Assets	(2,587)
Investments per Government-wide Statement of Net Assets	**$ 3,638,576**

† Investment types not required to be presented in the investment credit note.

D. Securities Lending

The Teachers' Retirement System (TRS), the Employees' Retirement System (ERS), and the Judicial Retirement Fund (JRF) are authorized by the Boards of Control to participate in a securities lending program. The Alabama Trust Fund (ATF) investment managers are authorized by the Board of Trustees to engage in securities lending under guidelines established by the ATF Investment Committee. The Retirement Systems of Alabama's custodian, J. P. Morgan Chase and Company, administers the program for the TRS, ERS, JRF, and ATF. Certain securities from the TRS, ERS, JRF, and ATF are loaned to borrowers approved by the Retirement Systems of Alabama (RSA). Approved borrowers of securities provide acceptable collateral in the form of cash, U.S. Treasury securities, or U.S. Government Agency securities. All security loans are open loans and can be terminated on demand by the TRS, ERS, JRF, ATF, or borrower. At the inception of each loan, collateral must be provided in the amount of 105 percent and 102 percent of the fair value of the loaned securities for international and U.S. equity securities, respectively. Subsequently, collateral for each loan is allowed to fluctuate between the initial required percentage and 100 percent of the fair value of the loaned securities. If the fair value of the collateral falls below 100 percent of the fair value of the loaned securities, additional collateral is required to restore the collateralized amount to the initial required collateralization. All collateral remains in the exclusive possession of the RSA's custodial agent who is responsible for marking the collateral to fair value each day and ensuring that the loaned securities are properly collateralized at all times. The TRS, ERS, JRF, and ATF cannot pledge or sell collateral securities received unless the borrower defaults. Therefore, securities lent that are collateralized by other securities are categorized in the investment credit risk table based on how the collateral received is held. The securities received as collateral are not categorized since these securities cannot be sold or pledged without borrower default.

Cash collateral is invested in a dedicated short-term investment fund in the respective Systems' or Funds' name using investment guidelines provided by the TRS, ERS, JRF, and ATF Investment Committee. As a result, the securities purchased with cash collateral are categorized in the investment credit risk tables based on how they are held. The securities lent are included in the investment credit risk tables in the "Investments Not Categorized" section of the table. As of September 30, 2003, the cash collateral investments had a weighted-average maturity of one day for the TRS. Also, the average term of the loans was one day for the TRS. As of September 30, 2003, the ERS, JRF, and ATF did not have any outstanding balances related to securities lending. There is no direct matching of the maturities of the loans with the investments made with cash collateral.

At September 30, 2003, the fair value of the securities on loan was $2,441,000 for the TRS. The fair value of the collateral pledged by the borrowers was $2,505,000 for the TRS. Since the amounts owed by the TRS exceeded the amounts the borrowers owed to the TRS there was no credit risk exposure as of September 30, 2003. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year.

E. Mortgage-Backed Securities

The State of Alabama periodically invests in mortgage-backed securities to improve yield and adjust the duration of the State's fixed income portfolio. These securities are subject to change in fair value due to changes in interest rates. Credit risk (the risk that the counterparty might be unable to meet its obligations) results from the same considerations as other counterparty risk assumed by the State.

F. Capital Assets

The State has elected to phase in the reporting of infrastructure. The cost of infrastructure reported this year consists only of projects capitalized during fiscal year 2002 and 2003. The cost of infrastructure constructed and completed in prior years is expected to be included in the fiscal year 2004 Comprehensive Annual Financial Report. The State capitalizes infrastructure when all costs for a project are incurred and all project documentation is completed and filed with the appropriate entities. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred but the project documentation is not complete. As of September 30, 2003, the capital assets for the Primary Government and the Component Units are presented in the following tables:

(Amounts in Thousands)	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Governmental-type Activities:				
Capital assets not being depreciated:				
Land	$ 123,425	$ 5,268	-	$ 128,693
Historical Exhibits	4,912	-	-	4,912
Construction in progress	11,498	15,644	5,557	21,585
Construction in progress - Infrastructure	3,263,759	499,629	193,569	3,569,819
Infrastructure	368,785	193,569	-	562,354
Total	**3,772,379**	**714,110**	**199,126**	**4,287,363**
Capital assets being depreciated:				
Buildings	912,217	16,233	962	927,488
Equipment	504,177	54,410	72,944	485,643
Total	**1,416,394**	**70,643**	**73,906**	**1,413,131**
Less accumulated depreciation:				
Buildings	388,937	20,355	962	408,330
Equipment	298,350	43,772	52,848	289,274
Total	**687,287**	**64,127**	**53,810**	**697,604**
Total capital assets being depreciated, net	**729,107**	**6,516**	**20,096**	**715,527**
Governmental-type activities capital assets, net	**$ 4,501,486**	**$ 720,626**	**$ 219,222**	**$ 5,002,890**

Depreciation Expense for the current year is charged as follows:	
Economic Development and Regulattion	$ 2,137
Education and Cultural Resources	3,626
Natural Resources and Recreation	3,669
Health - Physical & Mental	1,862
Social Services	2,350
Protection of Person & Property	18,075
Transportation	18,961
General Government	13,447
Total Depreciation Expense	**$ 64,127**

(Amounts in Thousands)	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 50,193	$ 700	-	$ 50,893
Historical Exhibits	2,350	-	-	2,350
Construction in progress	37,045	-	11,745	25,300
Total capital assets not being depreciated	**89,588**	**700**	**11,745**	**78,543**
Capital assets being depreciated:				
Buildings	820,987	40,788	6,320	855,455
Equipment	300,098	20,296	889	319,505
Total capital assets being depreciated	**1,121,085**	**61,084**	**7,209**	**1,174,960**
Less accumulated depreciation				
Buildings	316,391	28,987	1,190	344,188
Equipment	169,673	5,343	318	174,698
Total accumulated depreciation	**486,064**	**34,330**	**1,508**	**518,886**
Total capital assets being depreciated, net	**635,021**	**26,754**	**5,701**	**656,074**
Business-type activities capital assets, net	**$ 724,609**	**$ 27,454**	**$ 17,446**	**$ 734,617**

Depreciation Expense for the current year is charged as follows:	
State Port Authority	$ 15,418
Alabama College System	17,808
Alcoholic Beverage Control Board	649
Other Nonmajor Enterprise Funds	455
Total Depreciation Expense	**$ 34,330**

(Amounts in Thousands)	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Component Units:				
Capital assets not being depreciated:				
Land	$ 127,236	$ 3,814	$ 394	$ 130,656
Historical Exhibits	70,658	1,741	952	71,447
Construction in progress	73,422	121,580	87,703	107,299
Total capital assets not being depreciated	**271,316**	**127,135**	**89,049**	**309,402**
Capital assets being depreciated:				
Buildings	3,310,957	285,765	20,885	3,575,837
Equipment	1,382,417	124,822	57,987	1,449,252
Total capital assets being depreciated	**4,693,374**	**410,587**	**78,872**	**5,025,089**
Less accumulated depreciation				
Buildings	1,434,570	78,058	24,199	1,488,429
Equipment	890,470	101,076	22,377	969,169
Total accumulated depreciation	**2,325,040**	**179,134**	**46,576**	**2,457,598**
Total capital assets being depreciated, net	**2,368,334**	**231,453**	**32,296**	**2,567,491**
Component Units capital assets, net	**$ 2,639,650**	**$ 358,588**	**$ 121,345**	**$ 2,876,893**

Depreciation Expense for the current year is charged as follows:	
Alabama Public School and College Authority	$ 480
Mental Health	3,356
Water Pollution Control Authority	148
University of Alabama	104,658
Auburn University	26,724
University of South Alabama	17,432
Other Nonmanjor Component Units	26,336
Total Depreciation Expense	**$ 179,134**

NOTE 4 - LIABILITIES

A. Commitments

1. Construction Projects

a. Primary Government

At September 30, 2003, the Department of Transportation had construction and maintenance contracts of $2,054,576,496. The amount already performed was $1,881,323,281, leaving an outstanding balance of $173,253,215. The funding sources for this amount are 60 percent Federal funds and 40 percent State and local funds.

The State Port Authority had commitments for capital expenditures of approximately $21,200,000 at September 30, 2003.

b. Component Units

The University of Alabama at Birmingham had construction and acquisition commitments remaining at September 30, 2003, of $271,229,000. These costs will be financed from bond proceeds and UAB reserves of $126,132,000, federal funds of $40,665,000, state funds of $34,617,000, and other non-UAB funding sources of $69,815,000. During 2003, approximately $129,952,000 of construction was financed through debt proceeds. In addition, certain projects in the planning and design phase that UAB expects to complete have estimated costs totaling $111,871,000.

The University of Alabama at Tuscaloosa had construction and renovation contracts remaining at September 30, 2003, of $30,000,000. These costs are expected to be financed from gifts, grants, bond proceeds, and University funds.

Auburn University had construction and renovation contracts for various facilities that are estimated to cost approximately $34,000,000. At September 30, 2003, the estimated remaining cost to complete the projects was approximately $18,700,000 payable from University funds.

At September 30, 2003, Jacksonville State University had commitments on construction projects which included $16,257,505 on renovating and expanding Ayers Hall, McClellan Building #3181, Houston Cole Library and the Stephenson Multipurpose Athletic Building.

The University of Montevallo had construction and renovation projects for a new student center remaining at September 30, 2003, of $6,500,000. These costs are expected to be financed from bond proceeds and University funds.

Troy State University had construction and renovation projects for Memorial Stadium, Recreations Center, new labs and Whitley Hall remaining at September 30, 2003 of $2,633,464.

2. Operating Leases

The State and its component units have entered into various lease agreements for real property. These leases do not represent material commitments by the State, therefore disclosure of minimum future lease payments is not provided.

3. Federal Programs

The State operates several Federal programs that have commitments for claims outstanding at September 30, 2003. These claims involve services provided to beneficiaries prior to September 30, but the claims were neither submitted to nor approved for payment by the State until after September 30. The amounts of these programs are not material.

4. Other Commitments
The Alabama Housing Finance Authority, a component unit, has designated $39,554,000 of its net assets for fiscal year September 30, 2003 for funding of future single-family mortgage revenue bond programs, to support its single-family mortgage loan origination and warehousing operations, and to cover its operating expense budget for the following fiscal year.

B. Claims and Judgments

A judgment was entered against the State in favor of Alabama State University and Alabama A&M University. The State must pay each University $1,000,000 for the next seven years. The amount outstanding is $14,000,000. The Education Trust Fund is being used to liquidate this debt.

C. Long-term Debt

1. Debt Limitations and Methods of Bond Issuance
Under Section 213 of the Constitution of Alabama, as modified by Amendment 26, the State is constitutionally prohibited from incurring debt except to repel invasion or suppress insurrection. Therefore, the only method under which general obligation debt can be incurred is by amendment to the Constitution. Although conventions proposed by the legislature and approved by the electorate may be called for the purpose of amending the Constitution, historically all amendments have been adopted by a procedure which requires them to be proposed by a three-fifths majority of each house of the legislature and thereafter ratified by a majority of the electorate.

The Supreme Court of Alabama has ruled that the debt prohibition does not apply to debts incurred by separate public corporations functioning as State instrumentalities. The State has followed the practice of financing certain capital improvements by issuing debt through such public corporations. The Legislature (through enabling legislation) and the Governor (by executive order) have created public corporations and authorities of the State for the purpose of financing projects and programs such as public highways, public educational facilities, judicial buildings, student loans, affordable housing, and other projects. In most instances, State officials such as the Governor, Lieutenant Governor, Attorney General, State Treasurer, and the Director of Finance serve as board members of these corporations. The revenue bonds issued by these corporations are limited obligations of the corporation, not general obligations of the State, and the full faith and credit of the State is not pledged for their repayment. Certain revenues, usually earmarked taxes or revenues generated from the project financed, are pledged for the payment of the debt. Depending on the GASB criteria discussed in Note 1, some of these corporations are reported by blending them with the primary government and some are reported discretely.

The State and its component units issue serial and term bonds and capital appreciation bonds. Capital appreciation bonds are sold at a deep discount and do not pay any interest until the bonds mature. Based on the original offering price, the bonds increase in value as semi-annual interest is earned and is compounded from the original issuance date to the date of maturity. The issuance of this type bond postpones the cash flow until the bonds mature or are called. The increase in the value of the bonds is referred to as accretion.

2. General Obligation Bonds – Governmental Activities
The State has general obligation bond issues outstanding for the purpose of financing capital projects for: state waterways, State Port Authority's facilities, prisons, roads, bridges, mental hospitals, Mobile harbor, State parks, youth services facilities, state buildings, the State Coliseum, public schools and colleges, conservation projects, educational television, and diagnostic and research laboratories. The full faith and credit of the State is pledged for the payment of the bonds. The following schedule shows the general obligation annual debt service requirements and is followed by a detailed table describing each individual general obligation bond issue outstanding:

GENERAL OBLIGATION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2004	$ 47,975,000	$ 19,128,334	$ 67,103,334
2005	50,130,000	16,714,675	66,844,675
2006	47,792,111	18,797,850	66,589,961
2007	43,839,880	25,624,876	69,464,756
2008	28,932,800	19,684,584	48,617,384
2009-2013	83,030,000	54,253,952	137,283,952
2014-2018	99,725,000	33,474,047	133,199,047
2019-2022	76,260,000	7,843,565	84,103,565
Total	477,684,791 †	**$ 195,521,883** †	**$ 673,206,674**
Unamor Prem	1,872,195		
	$479,556,986		

† The liability reported on the balance sheet includes $10,528,500 for the accretion of interest on capital appreciation bonds. The above table shows interest in the year it is paid, not the year it is accrued.

GENERAL OBLIGATION BONDS PAYABLE

General Obligation Issue	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2003
Series 1999				
Series A Refunding Bonds	07/15/99	10/01/07	4.6% to 5.5%	$ 165,518,291
Series B Refunding Bonds	07/15/99	10/01/09	3.8% to 5.0%	10,725,000
Series 2001				
Series A - Agricultural Development	02/01/01	09/30/21	4.5% to 5.3%	53,800,000
Series B - Forensic Sciences	03/01/01	09/30/21	4.0% to 5.0%	16,405,000
Series C - State Parks System Improvement Corp.	06/01/01	09/30/21	3.8% to 5.5%	98,065,000
Series D - Public Historical Sites & Improvement Corp.	06/01/01	09/30/21	4.0% to 5.0%	5,655,000
Series E - Capital Improvement Bonds	11/01/01	09/01/21	4.0% to 5.0%	85,000,000
Series 2002				
Series A - Capital Improvement Bonds	09/01/02	09/01/22	3.0% to 5.0%	53,045,000
Sub-total General Obligation Bonds				488,213,291
‡ Plus: Unamortized Premiums				1,872,195
Total General Obligation Bonds				**$ 490,085,486**

† The amount outstanding includes $10,528,500 accretion of interest.

‡ Unamortized premiums were $978,511 for Series 2001-E and $893,684 for Series 2002-A.

3. Revenue Bonds

a. Primary Government – Governmental Activities

The Alabama Industrial Access Road and Bridge Authority is authorized to issue bonds to finance the construction of industrial access roads and bridges in the state. Revenues from gasoline, motor fuel, and lubricating oil taxes are pledged for the payment of these bonds.

The Alabama Corrections Institution Finance Authority issues bonds for the purposes of acquiring land and constructing correctional institutions. The bonds are payable from revenues derived from payments under a lease agreement between the Authority and the Department of Corrections.

The Montgomery Downtown Redevelopment Authority issued bonds to fund the construction of the Gordon Persons Building. Debt service is payable solely from the revenues and receipts paid pursuant to leases, proceeds of insurance in the event of damage or destruction of the building, amounts received in the event of condemnation of the building, amounts payable by MBIA under the Insurance Policy, amounts on deposit in the Reserve Fund held by the Trustee, earnings, if any on funds held by the Trustee, and funds received by the Trustee in the event of any foreclosure sale of the building.

The Alabama Building Renovation Finance Authority issues bonds to provide funding for the renovation, reconstruction, operation, and maintenance of public office buildings in the state capitol complex. The Authority also receives income from the rental of the office buildings to state agencies. The bonds issued by the Authority are payable from the rents received by the authority under lease agreements.

The Alabama Judicial Building Authority issues bonds for the purpose of funding the acquisition and construction of judicial facilities. The bonds are payable from revenues and receipts paid by the Judicial System pursuant to the lease, proceeds of insurance in the event of damage or destruction of the facilities, amounts, if any, received in the event of condemnation of the facilities, amounts payable by AMBAC under the Municipal Bond Insurance Policy, and earnings, if any, on funds held by the State Treasurer.

The Alabama Public Health Care Authority issues bonds for the purpose of funding the acquisition and construction of public health care facilities. Revenues received from leases with the county health departments, income from investments, real property, equipment, cash, securities, and a policy of municipal bond insurance are pledged for the payment of principal and interest on the bonds.

The Alabama Federal Aid Highway Finance Authority issues bonds for the purpose of funding the costs of constructing any roads, streets, parks, right of ways, bridges, railroad crossings, drainage structures, signs, guard rails, structures, interstates, surfaces, resurfaces, shoulders, road sides, or any other work which is eligible for federal aid financing assistance under Title 23, Chapter 1, of the United States Code and applicable regulations. The bonds are issued in anticipation of the receipt by the State of the federal share of the costs.

b. Primary Government – Business Type Activities

The Alabama State Port Authority (ASPA) issued bonds for the construction and maintenance of a wharf, warehouse, open storage area and other port facilities at Mobile Bay. The bonds are secured by the gross revenues of ASPA derived from charges made by ASPA for all services provided.

The Alabama College System has numerous bond issues outstanding for a variety of purposes. Most were issued for the construction, renovation, and acquisition of buildings for various purposes, including classrooms, research facilities, dormitories, student centers, dining facilities, and athletic facilities. The total principal amount outstanding on these bonds is $119,667,083 for the Alabama College System and $2,770,000 for Athens State.

PRIMARY GOVERNMENT Governmental Activities Revenue Bonds	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2003
Alabama Industrial Access Road and Bridge Corporation				
Capital Improvement Bonds, Series 1994	06/01/94	06/01/04	5.00% to 5.35%	$ 1,180,000
Capital Improvement Bonds, Series 1995	08/01/95	06/01/05	4.55% to 4.90%	2,545,000
Alabama Corrections Institution Finance Authority				
Series 1993-A Refunding Bonds	08/01/93	04/01/06	4.50% to 5.20%	12,775,000
2003-A Refunding Bonds	01/01/03	10/01/13	3.00% to 4.00%	16,200,000
2003-B Term Bonds	01/01/03	04/01/15	5.00% to 5.00%	4,000,000
Montgomery Downtown Redevelopment Authority				
Series 2002	07/25/02	10/01/13	2.30% to 5.00%	43,265,000
Alabama Building Renovation Finance Authority				
Serial Bonds, Series 1999	09/01/99	09/01/19	4.20% to 6.00%	22,235,000
Term Bonds, Series 1999	09/01/99	09/01/24	5.63% to 5.63%	11,985,000
Alabama Judicial Building Authority				
1990 Capital Appreciation Bonds	06/01/90	01/01/04	7.00% to 7.25%	3,387,214
Series 1996 Current Interest Bonds	12/01/96	01/01/06	4.20% to 4.85%	7,675,000
Series 1996 Capital Appreciation Bonds	12/01/96	01/01/14	5.15% to 5.75%	21,640,967 †
Alabama Public Health Care Authority				
Series 1996	05/15/96	10/01/25	5.20% to 7.00%	28,405,000
Alabama Federal Aid Highway Finance Authority				
Series 2002-A	04/01/02	09/01/17	3.25% to 5.25%	190,465,000
Sub-total Revenue Bonds Payable				365,758,181
‡ Less: Unamortized Discounts				(71,521)
§ Plus: Unamortized Premiums				6,539,366
†† Less: Unamortized Loss				(2,898,993)
Net Primary Government Revenue Bonds Payable				**$ 369,327,033**

§ Unamortized premium is $2,832,872 for Federal Aid Highway Finance Authority, $3,155,089 for Montgomery Downtown Redevelopment Authority and $551,405 for Alabama Corrections Institution Finance Authority .

‡ Unamortized Discount $71,521 for Alabama Building Renovation Finance Authority.

† Balance includes the accretion of interest on capital appreciation bonds in the amount of $2,042,813 for the Judicial Building Authority 1990 Capital Appreciation Bonds, and $6,446,528 for the 1996 Judicial Building Authority Capital Appreciation Bonds.

†† Unamortized accounting losses were $788,034 for the Alabama Building Renovation Finance Authority, $1,859,922 for Montgomery Downtown Redevelopment Authority and $251,037 for Alabama Corrections Institution Finance Authority.

PRIMARY GOVERNMENT-Business-Type Activities Revenue Bonds, Proprietary Funds	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2003
State Port Authority †				
Series 1996	03/01/96	10/01/21	6.10% to 6.30%	$ 58,000,000
Series 1997	09/01/97	10/01/17	4.90% to 5.38%	34,665,000
Series 1998, Refunding Bonds	07/08/98	10/01/22	5.25% to 6.00%	78,975,000
Series 2001	12/01/01	10/01/26	5.25% to 5.25%	17,855,000
Alabama College System	Various	Various	3.50% to 13.61%	122,437,083
Sub-total Revenue Bonds Payable, Proprietary Funds				311,932,083
§ Less: Unamortized Discounts				(3,871,356)
Net Primary Government Revenue Bonds Payable, Proprietary Funds				**$ 308,060,727**

§ Unamortized discounts $3,871,356 for Alabama State Port Authority.

† Amounts are due on October 1, but historically are paid a few days prior to the end of the previous fiscal year (September 30). The above schedule reflects the debt in the year it is actually paid.

Revenue Bonds

Debt Service Requirements to Maturity

	Governmental Activities		Business-type Activities	
Maturity	Principal	Interest	Principal	Interest
2004	$ 20,809,400	$ 18,742,755	$ 12,807,083	$ 16,338,094
2005	26,505,000	15,600,822	13,285,000	15,551,430
2006	26,600,000	14,454,725	13,955,000	15,038,660
2007	21,466,511	14,925,460	14,605,000	14,337,366
2008	22,171,923	14,213,291	18,240,000	14,193,317
2009-2013	123,730,830	57,200,873	72,785,000	56,293,175
2014-2018	87,670,176	20,467,714	77,505,000	37,463,979
2019-2023	19,495,000	5,857,306	74,770,000	15,180,106
2024-2028	8,820,000	717,956	13,980,000	1,486,713
Total	357,268,840	**$ 162,180,902**	311,932,083	**$ 185,882,840**
Unamort Prem	6,539,366		-	
Unamort Loss	(2,898,993)		-	
Unamort Disc	(71,521)		(3,871,356)	
	$ 360,837,692 †		**$ 308,060,727**	

† The liability reported on the balance sheet includes $8,489,341 for the accretion of interest on Alabama Judicial Building capital appreciation bonds. The above table shows interest in the year it will be paid, not the year it is accrued.

c. Component Units

The Alabama Incentives Finance Authority issues bonds to fund financial commitments to industries relocating to Alabama under the terms of the State's Industrial Incentives legislation. Revenues from the Tennessee Valley Authority to the State "in lieu of taxes" are pledged for the payment of these bonds. At September 30, 2003, the outstanding principal balance of the 1995B bonds was $33,874,000 which included $3,874,000 in accreted interest, and the outstanding principal balance of the 1999C bonds was $40,590,000. The interest rates for the Series 1999C bonds are variable and conditional. The 1999C bonds bear interest at the Weekly Rate, Term Rate or Bank Rate. The rate at 9/30/03 was 1.15%.

The Alabama Public School and College Authority (APSCA) is authorized to issue bonds to construct and improve educational buildings. Revenue from the sales and use taxes, the leasing tax, and the utilities gross receipts and use taxes are pledged for the payment of these bonds.

The State Industrial Development Authority issues bonds for the purpose of financing projects that promote the industrial development of the State. Revenues from cigarette and tobacco taxes are pledged for the payment of these bonds.

The Alabama Mental Health Finance Authority issues bonds for the acquisition, construction, improvement, and equipping of mental health facilities. Revenues from certain tobacco and liquor taxes are pledged for the payment of principal and interest on these bonds.

The Alabama 21st Century Authority issues bonds for the purpose of promoting economic development and industrial recruitment for the State of Alabama. The bonds are special obligations of the Authority payable solely from the Trust Estate created under the Indenture.

The Tennessee Valley Exhibit Commission issued bonds for the purpose of funding the Tennessee Valley Exhibit Center. The full faith and credit of the State do not back these revenue bonds. The principal and interest requirements on these bonds are payable from the revenues of the Commission. If these revenues are insufficient, then the "in lieu of taxes" payments made to the State by the Tennessee Valley Authority are used to pay the debt.

The Alabama Revolving Loan Fund Authority issues bonds for the purpose of making grants to the Regional Planning and Development Commissions which are utilized by the grantees as revolving loan funds. Revenues from privilege and license tax on providers of cellular radio telecommunication services are used to pay the debt.

The Alabama Housing Finance Authority issues bonds that are limited obligations of the Authority and are not a debt or liability of the State. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, monies, investments, mortgage loans, and other assets in the funds and accounts of the program. Substantially all of the Authority's assets are pledged as security for the bonds. These bonds are variable rate bonds and bear interest at a weekly rate set by the remarketing agent.

The Alabama Water Pollution Control Authority issues bonds to provide funds for the purpose of making loans to certain local government units to construct sewage treatment plants and related facilities. Proceeds from loan agreements are used for payment of debt service related to the bonds.

The Alabama Drinking Water Authority issues bonds to provide funds for the purpose of making loans to local governments for planning, designing, acquiring, or constructing sanitary drinking water and related facilities. Proceeds from the loan agreements are used for payment of debt service related to the bonds.

The Alabama Space Science Exhibit Finance Authority issued bonds to finance the construction of the Space Camp and related housing facilities for the campers. The bonds are secured by a lease of the facilities to the Space Science Exhibit Commission as well as a pledge of all revenues of the Commission. At September 30, 2003, the outstanding principal balance of the 2001 bonds was $9,955,000. The interest rate for the 2001 bonds is variable and determined by the Remarketing Agent. The rate at September 30, 2003 was 1.44%.

The Governmental Utility Services Corporation of Jefferson County - Tannehill Historical State Park was created for the purpose of issuing bonds to acquire and construct a sanitary sewer system and related facilities for the Tannehill State Park, which is operated by the Alabama Historic Ironworks Commission (formerly Tannehill Furnace and Foundry Commission). Three members of the Alabama Historic Ironworks Commission serve as directors of the corporation. The Commission also issued a bond to cover the cost of improvements to the state park and other historic sites operated by the Commission. Revenues of Tannehill State Park are pledged for payment of all bond principal and interest. The bond interest rate is 2.5% below the prime rate as published in The Wall Street Journal. At September 30, 2003, the bond rate was 1.5%.

The Alabama Higher Education Loan Corporation issues bonds to provide Alabama lending institutions with a secondary market for student loans made under the Higher Education Act, which established the federal Guaranteed Student Loan Program. The corporation issues tax-exempt revenue bonds in order to fund its operations. The proceeds are used to purchase student loans and fund operating costs of the corporation. The bonds are repaid from principal repayments on student loans, interest, and special allowance payments from the U. S. Department of Education, interest income from investments, guarantee payments on defaulted loans, proceeds from any sale of loans, issuance of refunding bonds, and if necessary, by drawing on the corporation's irrevocable letters of credit. The interest rate for the 1998-A bonds is an auction rate based on an auction period of 35 days. The rate at September 30, 2003 was .98%.

The boards of the various **institutions of higher education** have numerous bond issues outstanding for a variety of purposes. Most were issued for the construction, renovation, and acquisition of buildings for various purposes, including classrooms, research facilities, dormitories, student centers, dining facilities, hospitals, and athletic facilities.

COMPONENT UNITS Revenue Bonds	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2003
Alabama Incentives Finance Authority				
Series 1995-B	09/01/95	09/01/31	10%	$ 33,874,000
Series 1999-A	10/01/99	10/01/29	6.00% to 6.00%	23,970,000
Series 1999-B	10/01/99	10/01/29	6.25% to 7.88%	65,745,000
Series 1999-C	10/01/99	10/01/29	Variable	40,590,000
Alabama Public School and College Authority				
Refunding Bonds, Series 1993	03/01/93	12/01/05	4.30% to 5.00%	89,095,000
Refunding Bonds, Series 1993-A	10/01/93	08/01/06	4.10% to 6.00%	40,000,000
Series 1996	01/15/96	11/01/07	4.50% to 5.25%	157,285,000
Series 1998	11/01/98	11/01/18	4.25% to 5.25%	300,000,000
Series 1999-A	09/01/99	09/01/29	5.50% to 5.50%	18,360,000
Series 1999-B	09/01/99	09/01/09	7.10% to 7.15%	70,640,000
Series 1999-C	10/01/99	07/01/19	5.50% to 5.75%	250,000,000
Series 1999-D	11/01/99	08/01/19	5.00% to 6.00%	209,640,000
Capital Improvement Bonds, Series 2001A	05/15/01	02/01/21	4.50% to 5.63%	86,810,000
Series 2001-B	12/15/01	05/01/08	5.00% to 5.63%	13,585,000
Series 2001-C	12/15/01	05/01/13	4.13% to 5.00%	83,870,000
Series 2002-A	08/21/02	02/01/22	3.00% to 5.00%	102,560,000
Series 2002-B	12/01/02	12/01/28	4.00% to 5.00%	27,705,000
State Industrial Development Authority				
Capital Improvement Bonds, Series 1993	11/01/93	11/01/03	4.40% to 5.00%	2,200,000
Special Tax Bonds, Series 1995	01/01/95	01/01/05	5.50% to 6.00%	2,100,000
Special Tax Bonds, Series 1998	02/01/98	02/01/08	4.00% to 4.30%	7,430,000
Special Tax Bonds, Series 2000	10/01/00	09/01/10	4.65% to 5.00%	4,900,000
Special Tax Bonds, Series 2003	01/01/03	07/01/13	2.50% to 4.50%	4,600,000
Mental Health Finance Authority				
Series 1995	07/01/95	05/01/15	4.75% to 5.50%	44,635,000
Tennessee Valley Exhibit Commission				
Term Refunding Bonds, Series 2003	05/01/03	06/01/10	1.25% to 2.90%	2,610,000
Alabama 21st Century Authority				
Tobacco Settlement Revenue Bonds, Series 2000	09/01/00	12/01/20	5.00% to 6.13%	47,005,000
Tobacco Settlement Revenue Bonds, Series 2001	12/01/01	12/01/19	5.25% to 5.75%	103,760,000
Alabama Revolving Loan Fund Authority				
Series 2000	03/01/00	03/01/20	8.18% to 8.18%	11,195,000
Sub-Total Revenue Bonds, Component Units				$ 1,844,164,000

COMPONENT UNITS, Continued Revenue Bonds	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2003
Sub-Total from previous page				**$ 1,844,164,000**
Alabama Housing Finance Authority				
Single family Bond Programs	1982-2001	2013-2031	Various	787,010,000
Multi-family Bond Programs	1987-2001	2009-2038	Various	255,578,000
Alabama Water Pollution Control Authority				
Revolving Fund Loan Serial Bonds, Series 1993	11/01/93	08/15/16	4.40% to 5.60%	16,525,000
Revolving Fund Loan Term Bonds, Series 1993	11/01/93	08/15/15	5.00% to 5.25%	29,860,000
Revolving Fund Loan Bonds, Series 1994	12/01/94	08/15/17	5.85% to 6.95%	38,490,000
Revolving Fund Loan Bonds, Series 1996-A	01/15/96	08/15/18	5.00% to 5.25%	34,985,000
Revolving Fund Loan Bonds, Series 1996-B	11/01/96	08/15/20	5.25% to 5.50%	34,155,000
1997 Refunding Bonds Maturing in August	10/01/97	08/15/12	4.50% to 5.00%	36,065,000
1997 Refunding Bonds Maturing in February	10/01/97	02/15/13	4.50% to 5.00%	7,140,000
Revolving Fund Loan Bonds, Series 1998-A	01/01/98	08/15/21	4.75% to 4.75%	51,895,000
Revolving Fund Loan Bonds, Series 1998-B	12/01/98	08/15/21	4.25% to 5.00%	54,980,000
Revolving Fund Loan Bonds, Series 1999	12/01/99	08/15/23	4.25% to 6.00%	56,000,000
Revolving Fund Loan Bonds, Series 2000	12/01/00	08/15/23	4.30% to 5.75%	58,825,000
Revolving Fund Loan Bonds, Series 2002A	01/15/02	08/15/24	3.00% to 5.10%	32,080,000
Refunding Bonds, Series 2002-B	02/01/02	08/15/14	3.00% to 5.40%	52,255,000
Revolving Fund Loan Bonds, Series 2003A	01/01/03	08/15/26	3.00% to 5.00%	30,985,000
Revolving Fund Loan Bonds, Series 2003B	01/01/03	02/15/16	3.00% to 4.38%	52,650,000
Revolving Fund Loan Bonds, Series 2003C	08/01/03	08/15/15	2.50% to 4.25%	11,385,000
Alabama Drinking Water Authority				
Revolving Fund Loan Bonds, Series 1998-A	09/01/98	08/15/22	4.00% to 4.85%	30,630,000
Revolving Fund Loan Bonds, Series 2000-A	02/01/00	08/15/21	4.10% to 6.00%	7,760,000
Revolving Fund Loan Bonds, Series 2000-B	02/01/00	08/15/21	8.35% to 8.35%	5,060,000
Revolving Fund Loan Bonds, Series 2000-C	12/01/00	08/15/23	4.30% to 5.50%	24,625,000
Revolving Fund Loan Bonds, Series 2002-A	01/01/02	08/15/24	3.00% to 5.46%	36,700,000
Alabama Space Science Exhibit Finance Authority				
Space Camp Habitat	08/01/92	08/01/07	6.10% to 6.50%	1,280,000
Refunding Bonds, Series 1995-A	12/01/95	12/01/06	5.00% to 5.90%	2,065,000
Series 1995-B	12/01/95	12/01/10	6.25% to 6.25%	3,520,000
Series 2001	01/24/01	10/01/22	Conditional	9,955,000
Governmental Utility Services Corp of Jefferson County				
Tannehill Historical State Park, Series 1995	Mar 1995	June 2004	Various	15,060
Higher Education Loan Corporation				
Student Loan Revenue Bonds, Series 1994-C	Apr 1994	Mar 2009	4.50% to 6.10%	7,190,000
Student Loan Revenue Bonds, Series 1994-D	Apr 1994	Sept 2010	4.50% to 6.15%	16,245,000
Student Loan Revenue Bonds, Series 1998-A	June 1998	Mar 2033	Various	25,000,000
Sub-total Revenue Bonds Payable, Component Units				$ 3,655,072,060

COMPONENT UNITS, Continued Revenue Bonds	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2003	
Sub-Total from previous page				$ 3,655,072,060	
Higher Education					
University of Alabama - Tuscaloosa	1992	2033	2.00% to 6.65%	151,630,000	
University of Alabama - Birmingham	1993	2031	1.50% to 6.00%	671,475,000	
University of Alabama - Huntsville	05/01/80	12/01/31	1.40% to 6.00%	49,836,000	
Alabama A&M University	1980	11/01/25	3.00% to 5.38%	61,280,000	
Alabama State University	1965	07/01/23	1.90% to 8.50%	61,114,000	
Auburn University	1971	2026	1.40% to 11.50%	198,119,347	
Jacksonville State University	1993	2020	2.25% to 5.00%	27,370,000	
University of West Alabama	12/1/67	6/1/19	3.00% to 3.00%	3,645,000	
University of Montevallo	1983	2023	3.00% to 5.30%	15,275,000	
University of North Alabama	1999	2019	3.65% to 5.40%	13,620,000	
University of South Alabama	1993	2018	2.80% to 5.25%	96,282,000	
Troy State University System	1992	2022	2.75% to 4.70%	46,965,000	
Total Revenue Bonds Payable				5,051,683,407	
Less: Unamortized Discounts				(17,352,088)	†
Less: Unamortized Loss on Defeasances				(11,554,439)	‡
Plus: Unamortized Premium				18,070,850	§
				$ 5,040,847,730	

† Unamortized discounts were $13,376,130 for the University of Alabama - Birmingham, $372,982 for Alabama State University, $118,340 for the University of Montevallo, $473,529 to the Water Pollution Control Authority, $781,516 for the Drinking Water Authority, $36,357 for the Space Science Exhibit Commission, $1,027,124 for Auburn University, $50,000 for State Industrial Development Authority, $56,331 for Tennessee Valley Exhibit Commission, $851,000 for the University of South Alabama and $208,779 for the University of North Alabama.

‡ Unamortized accounting loss was $2,891,298 for Alabama State University, $792,486 for the Alabama Space and Science Commission, $7,826,234 for the Water Pollution Control Authority and $44,421 for the Tennessee Valley Commission.

§ Unamortized premiums were $3,813,057 for the University of Alabama - Tuscaloosa, $5,405,991 for Auburn University, $1,777,271 for Alabama 21st Century Authority, and $7,074,531 for Alabama Public School and College Authority.

COMPONENT UNITS

Debt Service Requirements to Maturity

Maturity	Principal		Interest	Total
2004	$ 336,012,892		$ 222,788,076	$ 558,800,968
2005	202,768,144		228,932,650	431,700,794
2006	244,714,942		218,713,910	463,428,852
2007	216,574,903		207,666,709	424,241,612
2008	277,484,440		222,833,331	500,317,771
2009-2013	1,110,062,295		811,838,484	1,921,900,779
2014-2018	1,066,038,484		548,186,424	1,614,224,908
2019-2023	709,767,307		304,599,676	1,014,366,983
2024-2028	485,420,000		152,464,415	637,884,415
2029-2033	290,640,000		66,856,179	357,496,179
2034-2038	108,326,000		6,276,000	114,602,000
Total	5,047,809,407	†	**$ 2,991,155,854**	**$ 8,038,965,261**
Unamort Disc	(17,352,088)			
Unamort Loss	(11,554,439)			
Unamort Prem	18,070,850			
	$ 5,036,973,730			

† The liability reported on the balance sheet includes $3,874,000 for the accretion of interest on Alabama Incentives Finance Authority capital appreciation bonds. The above table shows interest in the year it will be paid, not the year it is accrued.

4. Refunded and Redeemed Bonds

Advance refunding bonds are issued to retire existing bonds. A portion of the proceeds from the sale of the refunding bonds is deposited with an escrow agent according to an escrow trust agreement. The proceeds are invested by the escrow agent in certain U.S. Treasury obligations in such amounts with certain maturities to provide sufficient funds to pay the remaining maturing principal and interest on the refunded bonds as they become due. The refunded bond debt is considered to be retired for financial reporting purposes even though the debt is still legally outstanding and the issuer of the bonds has not been released from the debt obligations. The U.S. Treasury obligations constitute a trust fund to be held by the escrow agent for the benefit of the holders of the refunded bonds. Advance refundings and early redemptions are discussed in the remainder of this section.

In December 2002, the University of Alabama – Birmingham issued $11,455,000 Series 2002 General Revenue Bonds which bear interest at 4.0% to 6.0%. The Series 2002 net proceeds were used to advance refund the outstanding Series 1993A General Revenue bonds. This current refunding resulted in an accounting loss of $532,000. The University has economic gain of $1,027,000.

In June 2003, the University of Alabama – Birmingham issued $69,930,000 Series 2003A General Revenue Bonds which bear interest at 4.0% to 5.25%. A portion of the Series 2003A net proceeds were used to advance refund the outstanding Series 1993 Student Housing Revenue Refunding bonds. This current refunding resulted in an accounting loss of $140,000. The University has economic gain of $663,000.

On January 15, 2003, Auburn University issued $21,900,000 Series 2003 Athletic Revenue Bonds. The Series 2003 net proceeds were used to advance refund the outstanding Series 1993 Athletic Revenue bonds. This current refunding resulted in an accounting loss of $912,619. The University has economic gain of $884,255.

On March 6, 2003, Auburn University issued $49,460,000 Series 2003 General Fee Revenue Bonds. The Series 2003 net proceeds were used to advance refund the outstanding Series 1993 General Fee Revenue bonds. This current refunding resulted in an accounting loss of $1,595,852. The University has economic gain of $1,878,448.

On March 13, 2003, Auburn University issued $15,645,000 Series 2003 Housing and Dining Revenue Bonds. The Series 2003 net proceeds were used to advance refund the outstanding Series 1993 Housing and Dining Revenue bonds. This current refunding resulted in an accounting loss of $672,295. The University has economic gain of $808,021.

During the year ended September 30, 2003, the Alabama Housing Finance Authority called approximately $167,583,000 of bonds in advance of their scheduled maturities. The extraordinary loss on early retirement of these bonds is $512,000 and is primarily comprised of unamortized deferred debt financing costs and unamortized discount.

On January 1, 2003, the Alabama Water Pollution Control Authority issued $52,650,000 Series 2003B refunding bonds. The Series 2003B net proceeds were used to refund $54,210,000 of the outstanding Series 1992A bonds. The refunding resulted in an accounting loss of $2,000,000. The Authority has economic gain of $1,000,000.

On August 1, 2003, the Alabama Water Pollution Control Authority issued $11,385,000 Series 2003C refunding bonds. The Series 2003C net proceeds were used to refund $11,695,000 of the outstanding Series 1992B bonds. The refunding resulted in an accounting loss of $253,000. The Authority has economic gain of $50,000.

On May 1, 2003, the Tennessee Valley Exhibit Commission issued $2,610,000 Series 2003 refunding bonds. The Series 2003 net proceeds were used to refund $2,605,000 of the outstanding Series 1992 bonds. The refunding resulted in an accounting loss of $44,421. The Commission has economic gain of $226,543.

On January 1, 2003, the Alabama Corrections Institution Finance Authority issued $17,530,000 Series 2003A refunding bonds. The Series 2003 net proceeds were used to refund $16,835,000 of the outstanding Series 1993B bonds. The refunding resulted in an accounting loss of $251,037. The Authority has economic gain of $1,023,391.

Defeased Bonds:

Component Units

Auburn University	$10,495,000
University of Alabama in Tuscaloosa	12,440,000
University of South Alabama	9,040,000
University of Montevallo	455,000

5. Arbitrage

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, to calculate and rebate arbitrage earnings to the federal government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulation in order for their bonds to maintain tax-exempt status.

The regulations require the excess of the aggregate amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield to be rebated to the federal government. Income earned on excess earnings is also subject to rebate. Rebate payments, if required, are due at least once every five years over the life of the bonds. Bond issues with arbitrage liabilities outstanding at September 30, 2003, were as follows:

Component Units	Amount
Water Pollution Control Authority	$ 807,345
Drinking Water Finance Authority	427,283
Alabama Higher Education Loan Corp.	7,858,205
Housing Finance Authority	25,504,000

These lists are based upon incomplete data since some bond issues have not yet been included in arbitrage calculations. Any refunded bond issue is subject to the rebate requirement until the last bond is redeemed. Bond issues that have already been redeemed may be subject to additional payments if an arbitrage rebate or spending payment is owed and has not been paid.

6. Bonds Authorized But Not Issued

Bonds Authorized But Not Issued
(Amounts in Thousands)

Primary Government	Authorized	Issued	Unissued
General Obligation Bonds			
State of Alabama	$ 350,000	$ 139,955	$ 210,045
Federal Aid Highway Finance Authority	Unlimited (based on what we receive in federal funds)		
Farmers Market Authority	10,000	-	10,000
Highway Authority	20,000	7,000	13,000
Corrections Institution Finance Authority	98,000	94,695	3,305
Public Health Finance Authority	45,000	30,000	15,000
Parking Deck Authority	13,000	-	13,000
Gulf State Park Authority	70,000	-	70,000
Total Primary Government	**606,000**	**271,650**	**334,350**
Component Units			
State Industrial Development Authority †	100,000	38,390	61,610
Mental Health Finance Authority	35,735	20,000	15,735
Alabama Public School and College Authority	75,000	7,400	67,800
Alabama Incentives Financing Authority	175,000	165,220	9,780
Total Component Units	**385,735**	**231,010**	**154,925**
Total Reporting Entity	**$ 991,735**	**$ 502,660**	**$ 489,275**

† The State Industrial Development Authority is authorized to issue a total of $100,000,000 in bonds in addition to any bonds authorized prior to 1991.

No more than $40,000,000 in aggregate principal amount of such bonds may be outstanding at any one time. At 9/30/03, $21,230,000 was outstanding.

7. Forward Delivery Agreements

In September 1994, the Alabama Public School and College Authority (APSCA) and the Alabama Industrial Access Road and Bridge Authority (AIARBA) each entered into debt service forward delivery agreements with Merrill Lynch Capital Services, Inc. (MLCS). Under the agreements, the APSCA received $9,800,000 and the AIARBA received $1,084,841. In exchange for the above amounts, each Authority agreed to deposit one-sixth of the semi-annual interest and one-twelfth of the annual principal

payable on certain bonds to MLCS each month. MCLS agreed in turn to deliver qualified securities that will mature on or before the bond payment dates. Because the interest that normally would be earned on these deposits belongs to the General Fund, the $10,884,841 paid by MLCS was deposited in the General Fund. The Agreements are being amortized on a straight-line basis over twelve years. This amortization is reflected in the General Fund as debt service expenditure and interest revenue.

8. Interest Swap Agreement

On March 13, 2002, JPMorgan Chase Bank entered into an interest rate swap agreement with the Public School and College Authority (PSCA) with respect to the Authority's Capital Improvement Bonds, Series 1998, Tax-Exempt Special Obligations Bonds, Series 1999-A, Capital Improvement Bonds, Series 1999-C, and Capital Improvement Pool Bonds, Series 1999-D (collectively, the "Bonds"). The Authority received a lump sum payment from JPMorgan Chase Bank in return for an option to swap transactions on the Bonds, whereby the Authority will make a fixed rate payment to JPMorgan equal to the fixed rate payments on the Bonds and JPMorgan Chase will make corresponding variable rate payments to the Authority determined by the nationally recognized index, LIBOR. The swap agreement is based on a notional amount of $710,215,000 and expires on September 1, 2029. The agreement was amended on January 16, 2003 to change the variable rate payments to the Authority from 70% to 67% of the nationally recognized index, LIBOR rate. The option is exercisable in the years 2008 through 2011. As of September 30, 2003, the swap had a negative fair value of approximately $35,509,000. This valuation was calculated by using proprietary models based on well recognized financial principles and reasonable estimates about relevant future market conditions. In calculations of the present value of all future cash flows, estimates about future market conditions were performed using reasonable estimates. The Authority received lump sum payments of $12,587,000 which are being amortized as an adjustment to interest expense using the straight line method over the life of the option.

In December 2002, The Alabama State Port Authority entered into a swaption contract with an investment company in order to monetize potential debt service savings on the Authority's callable 1996 Series bond. The swaption gave the counterparty the option to enter into a variable-to-fixed interest rate swap at a specified future date. The counterparty has the option to exercise the agreement on July 18, 2006. If the option is exercised, the interest rate swap will commence on October 1, 2006 with the Authority paying a fixed interest rate of 5.38% and the Authority receiving a variable interest rate of 67% of the on-month LIBOR. The swap agreement is based on a notional amount of $60,455,000 and expires on October 1, 2021. Upon exercising of the option by the counterparty, the Authority anticipates issuing variable-rate refunding bonds in an amount sufficient to refund the fixed rate Series 1996 bonds. If the option is exercised and refunding bonds are not issued, the 1996 Series Bonds will not be refunded and the Authority will make net swap payments as required by the terms of the contract as stated above. The Authority does not anticipate any potential problems with being able to issue the refunding bonds at the future date. As of September 30, 2003, the swap had a negative fair value of approximately $7,626,000. The swaption is calculated using an industry accepted option pricing model that uses market interest rates and volatility assumptions on the valuation date. The interest rate and volatility data is used to calculate the present value of the potential future cash flows of the swaption. In consideration for writing the option the Authority received a premium payment of $5,025,000. The Authority will recognize the premium payment as an adjustment to interest expense using the effective interest method over the life of the option.

9. Resolutions Authorizing Issuance of General Obligation Bonds

As security for the State's obligation for certain commitments made to Hyundai Motor Manufacturing Alabama, LLC (HMMA), the State has authorized the issuance of two general obligation bonds payable to HMMA, each in the principal amount of $27,400,000, which are dated January 1, 2004 and April 1, 2004 respectively. The bonds are to be held in escrow by a trustee with irrevocable instructions that if the State deposits into the Training Equipment Fund (a State account) the sum $27,400,000 during the last quarter of 2003 and an additional $27,400,000 during the first quarter of 2004, the general obligation bonds payable to HMMA will terminate and the bonds will be destroyed without delivery. Should the State fail to make the first required deposit of $27,400,000 by December 31, 2003 the escrow trustee shall deliver the bond dated January 1, 2004 to HMMA and such bond shall begin to bear interest at a post-default rate of 7% until such time as the corresponding deposit into the Training Equipment Fund is made. Similarly, if the State fails to make the second required deposit to the Training Equipment Fund of $27,400,000 by March 31, 2004, then the escrow trustee shall deliver the bond dated April 1, 2004 to HMMA and such bond shall begin to bear interest at a post-default rate of 7% until such time as the corresponding deposit into the Training Equipment Fund is made. Each bond shall further provide that, if the applicable payment to the Training Equipment Fund is not made within six months of the date of the bond, then the principal of, and interest on, such bond shall become payable to HMMA in immediately available funds.

On January 16, 2003 the Amendment 666 Bond Commission, by resolution, authorized the issuance of four bonds, each in the principal amount of $20 million payable to the Alabama Port Authority which are being held in escrow. Bond number one is dated January 1, 2004, and matures on July 1, 2004. Bond number two is dated January 1, 2005, and matures on July 1, 2005. Bond number three is dated January 1, 2006, and matures on July 1, 2006. Bond number four is dated January 1, 2007, and matures on July 1, 2007. If the State makes a payment of $20 million to the Port Authority on or before December 31, 2003, the obligations evidenced by bond number one will terminate. If the State makes a payment of $20 million on or before December 31, 2004, the obligations evidenced by bond number two shall terminate. If the State makes a payment of $20 million on or before December 31, 2005, the obligations evidenced by bond number three shall terminate. If the State makes a payment of $20 million on or before December 31, 2006, the obligations evidenced by bond number four shall terminate.

10. Notes, Mortgages, and Capital Leases

Debt Principal Requirements to Maturity

Maturity	Governmental Activities Principal	Business Type Activities Principal	Component Units Principal
2004	$ 8,514,163	$ 2,781,061	$ 17,240,752
2005	7,677,909	2,399,849	4,705,772
2006	5,879,433	1,625,029	3,930,757
2007	4,890,492	1,418,486	3,775,036
2008	3,256,840	1,245,224	4,884,151
2009-2013	9,793,850	4,697,809	7,278,418
2014-2018	3,231,863	634,602	5,824,394
2019-2023	735,363	145,816	5,811,323
2024-2028	116,225	-	7,516,752
2029-2033	-	-	3,576,499
Total	44,096,138	14,947,876	64,543,854
Interest	(1,780,588)	-	(589,217)
Net	**$ 42,315,550**	**$ 14,947,876**	**$ 63,954,637**

11. Changes in Long-Term Liabilities

(Amounts in Thousands)		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government						
Governmental Activities:						
Bonds Payable:						
General Obligation Bonds		$ 535,080	$ 3,052	$ (48,047)	$ 490,085	$ 47,975
Revenue Bonds		386,891	21,321	(38,885)	369,327	20,809
Capital Leases/Notes/Mortgages		33,059	15,933	(6,676)	42,316	8,514
Forward Delivery Agreement		3,628	-	(907)	2,721	907
Claims & Judgments		16,000	-	(2,000)	14,000	2,000
Compensated Absences	†	222,305	11,332	(5,484)	228,153	1,805
Total Governmental Activities		**1,196,963**	**51,638**	**(101,999)**	**1,146,602**	**82,010**
Business-type Activities:						
Bonds Payable:						
Revenue Bonds		299,508	24,515	(15,962)	308,061	12,807
Capital Leases/Notes/Mortgages		12,346	5,300	(2,698)	14,948	2,781
Compensated Absences	†	21,103	5,746	(6,302)	20,547	3,285
Other Long-Term Liabilities	‡	2,906	7,695	(2,906)	7,695	1,365
Total Business-Type Activities		**335,863**	**43,256**	**(27,868)**	**351,251**	**20,238**
Total Primary Government		**$ 1,532,826**	**$ 94,894**	**$ (129,867)**	**$ 1,497,853**	**$ 102,248**
Component Units:						
Revenue Bonds		5,078,589	408,653	(446,394)	5,040,848	336,013
Arbitrage		10,577	34,596	(10,577)	34,596	-
Capital Leases/Notes/Mortgages		88,048	1,066	(25,160)	63,954	17,241
Compensated Absences	†	94,196	20,635	(23,546)	91,285	21,842
Other Long-Term Liabilities	§	27,737	34,398	(27,737)	34,398	1,000
Total Component Units		**$ 5,299,147**	**$ 499,348**	**$ (533,414)**	**$ 5,265,081**	**$ 376,096**

† Compensated Absences debt is liquidated proportionately by all funds having payroll costs.

‡ Other Long-term liabilities are payable by the State Port Authority.

§ Other Long-term liabilities are payable as follows: University of Alabama, $4,416,000, Auburn University, $17,173,000, Troy State University, $2,387,000, University of Montevallo, $117,000, Alabama Public College and School Authority, $9,586,000, and Alabama State University, $719,000.

NOTE 5 - INTERFUND ACTIVITY

A. Interfund Balances

Interfund balances as of September 30, 2003 consisted of (amounts in thousands):

	DUE FROM												
DUE TO	General Fund	Education Trust Fund	Ala Trust Fund	Medicaid	Public Road & Bridge Fund	Public Welfare Trust Fund	Unemployment Compensation	Alcoholic Beverage Control Board	Fiduciary	Nonmajor Governmental	Internal Service Funds	Nonmajor Enterprise Funds	Total
General Fund	$ -	$ 1	$ -	$ -	$ -	$ 1	$ -	$ 7,180	$ 4	$ 790	$ 83	$ 44	$ 8,103
Education Trust	-	-	-	-	-	-	-	-	-	491	2	1	494
Alabama Trust	-	-	-	-	-	-	-	-	-	98	-	-	98
Medicaid	151	-	-	-	-	-	-	-	-	194	-	2	347
Public Road & Bridge Fund	18	-	-	-	-	-	-	3	-	48	142	11	222
Public Welfare Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	3,955	-	-	10	1	3,966
Alcoholic Beverage Control Board	-	-	-	-	-	-	-	-	-	1	1	22	24
Fiduciary	93	3	-	-	-	-	-	176	71	10	3	-	356
Nonmajor Governmental	3,723	8,317	-	4,619	1,220	1,360	18	243	11	9,133	1,766	706	31,116
Internal Service	1,833	173	-	162	741	4,413	-	58	6	7,900	1,162	173	16,621
Nonamjor Enterprise	39	7	-	-	2	-	-	-	-	10	1	191	250
Totals	$ 5,857	$ 8,501	$ -	$ 4,781	$ 1,963	$ 5,774	$ 18	$ 11,615	$ 92	$ 18,675	$ 3,170	$ 1,151	$ 61,597

The Alcoholic Beverage Control Board has the most interfund payables, $11,615,000 in total. The Board owed $7,180,000 to the General Fund and $3,955,000 to the Public Welfare Trust Fund. The Board is required by law to distribute profits and certain taxes collected to those two funds, local governments, and the Mental Health component unit. The law also allows ABC to delay distribution for 120 days in order to maintain sufficient operating cash .

The Internal Service Funds hold the most interfund receivables, $16,621,000 in total. These amounts generally represent normal billings for services rendered or goods sold to the other funds late in the fiscal year which will be paid early in the subsequent fiscal year.

The vast majority of the interfund balances due to the Nonmajor Governmental Funds from the General Fund, Education Trust, and the Nonmajor Governmental Funds consists of routine short term borrowings of cash between funds of individual agencies.

All of the interfund balances are expected to be repaid within one year.

B. Balances with Component Units

Balances owed to State funds by component units at September 30, 2003, consisted of (amounts in thousands):

	PAYABLE FROM:								
DUE TO	Water Pollution Control Authority	Mental Health	Historical Commission	Drinking Water Finance Authority	Super-computer	State Industrial Development Authority	Miscel-laneous Component Units	Fiduciary Funds	Total
General Fund	$ -	$ 1	$ -	$ -	$ -	$ -	$ -	$ -	$ 1
Education Trust	-	37	-	-	-	-	-	-	37
Medicaid	-	62	-	-	-	-	-	-	62
Public Welfare Trust Fund	-	3	-	-	-	-	-	-	3
Nonmajor Governmental	577	37	11	16	-	-	1	2	644
Internal Service	-	518	26	-	1	56	5	74	680
Nonmajor Enterprise	-	-	1	-	-	-	-	-	1
Totals	$ 577	$ 658	$ 38	$ 16	$ 1	$ 56	$ 6	$ 76	$ 1,428

The component units of the State owe $1,428,000 to various funds of the State. The largest portion, $680,000, is owed to Internal Service Funds. These amounts generally represent normal billings for services rendered or goods sold late in the fiscal year which will be paid early in the subsequent fiscal year. The second largest amount is $577,000 that the Water Pollution Control Authority owes to the Department of Environmental Management, a Nonmajor Governmental Fund, for various administrative services performed by the Department.

Balances owed by State funds to component units at September 30, 2003 consisted of (amounts in thousands):

	RECEIVABLE BY					
PAYABLE BY	Mental Health	Historical Commission	Super-computer	Miscel-laneous Component Units	Fiduciary Funds	Total
General Fund	$ -	$ -	$ 3	$ -	$ 1	$ 4
Education Trust	18	-		-	-	18
Public Road & Bridge Fund	-	203	-	-	-	203
Public Welfare Trust Fund	37	-	-	-	-	37
Alcoholic Beverage Control Bd	2,732	-	-	-	-	2,732
Fiduciary	2	-	-	-	-	2
Nonmajor Governmental	805	-	-	-	3	808
Internal Service	96	-	-	-	4	100
Nonmajor Enterprise	13	-	-	3	4	20
Totals	$ 3,703	$ 203	$ 3	$ 3	$ 12	$ 3,924

The largest payable was $2,732,000 owed by the Alcoholic Beverage Control Board to the Mental Health component unit. The Board is required by law to distribute profits and certain taxes collected to other State funds, local governments, and the Mental Health component unit. The law also allows ABC to delay distribution for 120 days in order to maintain sufficient operating cash

The second largest amount is $805,000 owed by Nonmajor Governmental Funds to Mental Health. Nearly this entire amount is owed by the Department of Rehabilitation Services to Mental Health.

C. Interfund Transfers

Transfers among the various funds of the primary government during fiscal year 2003 were as follows (amounts in thousands):

	TRANSFERS IN												
TRANSFERS OUT	General Fund	Education Trust Fund	Ala Trust Fund	Medicaid	Public Road & Bridge Fund	Public Welfare Trust Fund	Alabama College System	Alcoholic Beverage Control Board	Fiduciary	Nonmajor Governmental	Internal Service Funds	Nonmajor Enterprise	Total
General Fund	-	-	-	11,890	170	72,899	-	-	-	68,273	4,604	604	158,440
Education Trust Fund	2,770	-	-	25	-	7,177	255,066	-	-	12,420	137	-	277,595
Alabama Trust	104,868	179,993	-	-	-	-	-	-	-	108,903	-	-	393,764
Medicaid	-	-	-	-	-	-	-	-	-	95,501	-	-	95,501
Public Road & Bridge Fund	-	-	-	-	-	-	-	-	-	34,806	-	-	34,806
Public Welfare Trust Fund	-	-	-	19,593	6	-	-	-	-	26,151	-	-	45,750
Unemployment Compensation	-	-	-	-	-	-	-	-	-	8,944	-	-	8,944
Port Authority	-	-	-	-	-	-	-	-	-	18	-	-	18
Alcoholic Beverage Control Board	14,819	-	-	-	-	46	-	-	-	121	-	-	14,986
Public Education Employee Health Insur	-	-	-	-	-	-	-	-	-	2	-	-	2
Fiduciary	-	-	-	-	-	-	-	-	-	242	-	-	242
Nonmajor Governmental	8,370	896	1,030	91,791	23,267	13	-	817	-	105,026	2,485	-	233,695
Internal Service	-	-	-	-	-	-	-	-	425	80	5,518	-	6,023
Nonmajor Enterprise	-	-	-	-	-	-	-	-	-	4,509	1,242	41	5,792
Totals	130,827	180,889	1,030	123,299	23,443	80,135	255,066	817	425	464,996	13,986	645	1,275,558

Transfers are often made between funds as required by the legislature in the appropriation acts as well as by a variety of existing statutes. Of the $158,440,000 transferred to other funds by the General Fund, $135,506,000 was transferred in compliance with the appropriation acts. Of that amount, $72,899,000 was transferred to the Public Welfare Trust Fund and $68,273,000 was transferred to various Nonmajor Governmental Funds. The remainder of the General Fund transfers was made in small amounts to comply with a variety of statutes. The Education Trust Fund transferred $255,066,000 as required by the appropriation acts to subsidize the operations the Alabama College System. The appropriation acts also required the Education Trust to transfer $7,177,000 to the Public Welfare Trust Fund. The Education Trust Fund transferred $12,420,000 to Nonmajor Governmental Funds, $8,880,000 of that amount was required by the appropriation acts and the remainder to comply with a variety of statutes.

The General Fund also received $14,819,000 from the Alcoholic Beverage Control Board, which represents the General Fund's statutorily mandated share of the Board's profits.

The Alabama Trust Fund, in compliance with Amendments to the Constitution, is required to transfer to other funds a substantial portion of its investment earnings as well as a portion of new income from offshore oil and gas rights. In compliance with these amendments, the General Fund received $104,868,000, the Forever Wild Trust Fund, a Nonmajor Governmental Fund, received $11,652,000, the County and Municipal Improvement Trust, a Nonmajor Governmental Fund, received $10,416,000, and the Alabama Capital Improvement Fund, a Nonmajor Governmental Fund received $41,666,000. The remaining $170,000 was transferred from the Forever Wild Stewardship Account to the Forever Wild Trust Fund as authorized by the Constitution for maintenance of lands.

The Alabama Trust made one transfer which would not be considered routine, and that was the transfer of $179,993,000 to the Education Trust Fund which was a partial withdrawal of the Education Rainy Day Account which resides in the Alabama Trust as authorized by the Constitution. That transfer also triggered a constitutionally required transfer of $44,998,000 to the County and Municipal Improvement Trust, a Nonmajor Governmental Fund.

D. Interfund Eliminations

Interfund receivables and payables have been eliminated from the government-wide statements to the extent that they occur within either the governmental or business-type activities. Balances between governmental and business-type activities are reported as Internal Balance on the government-wide Statement of Net Assets. Receivables and payables involving fiduciary funds are presented as accounts payable or receivable on the government-wide Statement of Net Assets. Eliminations have also been made in the government-wide financial statements to eliminate the effects of transactions between the Internal Service Funds and the individual functions and business-type activities presented on the government-wide Statement of Activities.

NOTE 6 - RISK MANAGEMENT

The State manages risk through risk control and risk financing to minimize the adverse effects of certain types of losses. Risk financing includes self-insurance through several different funds. The State Insurance Fund provides coverage for state buildings and contents against fire and casualty losses. The General Liability Trust Fund insures state employees against the risk of loss from employment-related liability claims. The State Employee Injury Compensation Trust Fund was created by the 1994 legislature to provide benefits to eligible state employees for job-incurred injury. The State Insurance Fund, the General Liability Trust Fund, and the State Employee Injury Compensation Trust Fund are administered by the Division of Risk Management of the Department of Finance.

There was no significant reduction in insurance coverage by the three Division of Risk Management funds from the prior year. These funds do not have acquisition costs; therefore, no cost is amortized for the period. The funds use the accrual basis of accounting for reporting purposes. As required by GASB 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," most investments are recorded at fair value. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Estimated claims liabilities are calculated by the plans' actuary based on prior claims data for the General Liability Trust Fund and State Employee Injury Compensation Trust Fund. For the State Insurance Fund, estimated claims liabilities are based on management's judgment.

The separately issued financial report of the Division of Risk Management contains additional note disclosures and supplementary information regarding claims development and liabilities.

A. The State Insurance Fund

The State Insurance Fund (SIF) was established in 1923 under the *Code of Alabama 1975*, Section 41-15-1 for the purpose of insuring direct physical loss on buildings and contents in which title in whole or in part is vested in the State of Alabama or any of its agencies or institutions or in which funds provided by the State have been used for the purchases of land, construction of buildings, purchase or maintenance of any equipment, machinery, furniture, fixtures or supplies in such buildings and public school buildings together with the contents of all such buildings. All covered property shall be insured for no more than its replacement cost and shall be insured for no less than 80 percent of its actual cash value. City or county boards of education or district boards of education of independent school districts may insure school buildings and property either in the state insurance fund or with an insurance company, whichever in the opinion of such board provides the best coverage for such school buildings and property. The principles of private industry insurance companies are utilized to establish rates, premium discounts, and experience credits to result in equitable premiums charged to policyholders. Excess insurance and reinsurance is acquired to assure the solvency of the fund while providing additional coverage such as earthquake and flood insurance.

The SIF has a $7,500,000 annual deductible and a $3,500,000 deductible per occurrence on claims. Excess insurance covers claims exceeding $7,500,000 with a $500,000,000 limit. Settlements for 2003 exceeded the SIF's deductibles by $281,670. Settlements did not exceed the deductible amounts in fiscal years 2001 and 2002.

The following table presents the changes in claims liabilities for the past two years:

	2003	2002
Unpaid Reported Claims Liabilities:		
Unpaid claims and adjustment expense at beginning of year	$7,121,103	$6,551,521
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	9,274,467	5,111,611
Increase (Decrease) in provision for insured events of prior years	5,684,351	3,407,740
Total incurred claims and adjustment expenses	14,958,818	8,519,351
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(7,664,895)	(2,296,674)
Claims and adjustment expenses attributable to insured events of prior years	(6,708,456)	(5,653,095)
Total payments	(14,373,351)	(7,949,769)
Total unpaid claims and adjustment expenses at end of year	7,706,570	7,121,103
Incurred But Not Reported (IBNR):		
Incurred but not reported at beginning of year	733,062	1,463,587
Increase (Decrease) in incurred but not reported	(32,283)	(730,525)
Incurred but not reported at end of year	700,779	733,062
Total Unpaid Reported Claims Liabilities and IBNR at end of year	$8,407,349	$7,854,165

B. General Liability Trust Fund

The General Liability Trust Fund (GLTF) was established in 1984 to protect state employees from personal financial liability resulting from lawsuits that are based on alleged negligence while acting within the line and scope of state employment. Claims are investigated and defended through the Office of Attorney General. Auto liability is fully reinsured and the re-insurer, American Southern Insurance Company, handles all claims. The GLTF is managed much like a commercial insurance company, with exposure evaluated and commensurate premiums assigned to state agencies. Investment activities are an essential part of the General Liability Trust Fund's financial stability to maintain lower-cost employee liability coverage. Funds in excess of those needed for immediate operations are invested to maximize return and keep premiums down.

The GLTF had a $3,300,000 deductible on claims. Excess insurance coverage was not renewed in April 2002 so they are currently without excess coverage. Settlements for 2001 exceeded the deductible by $480,070, by $1,489,950 in 2002 and $7,560 in 2003.

The following table presents the changes in claims liabilities for the past two years:

	2003	2002
Unpaid Reported Claims Liabilities:		
Unpaid claims and adjustment expense at beginning of year	$9,811,469	$5,717,009
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	1,408,145	2,979,894
Increase (Decrease) in provision for insured events of prior years	7,979,487	5,297,589
Total incurred claims and adjustment expenses	9,387,632	8,277,483
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(1,006,310)	(1,251,418)
Claims and adjustment expenses attributable to insured events of prior years	(3,034,198)	(2,931,605)
Total payments	(4,040,508)	(4,183,023)
Total unpaid claims and adjustment expenses at end of year	15,158,593	9,811,469
Incurred But Not Reported (IBNR):		
Incurred but not reported at beginning of year	10,777,309	11,019,711
Increase (Decrease) in incurred but not reported	1,256,681	(242,402)
Incurred but not reported at end of year	12,033,990	10,777,309
Total Unpaid Reported Claims Liabilities and IBNR at end of year	$27,192,583	$20,588,778

C. State Employee Injury Compensation Trust Fund

The State Employee Injury Compensation Trust Fund (SEICTF) was created by the legislature on October 1, 1994. Its purpose is to provide benefits to eligible state employees for job-incurred injury. Benefits under SEICTF include all reasonable medical expenses arising from a job-incurred injury, lost wages (including benefits for time lost from the job), and benefits to dependents of employees who are fatally injured on the job. Specifically excluded from coverage are employees of the State Port Authority, educational institutions, and boards of education. A key element in assuring effective and efficient operation of SEICTF was the creation of a statewide medical provider network with a focus on professionals who are experts in treating occupational injury. Excess insurance and reinsurance is acquired to assure the solvency of the fund.

The SEICTF has a deductible per occurrence. Settlements did not exceed the deductible amounts in fiscal year 2003. Settlements for 2001 exceeded the deductibles by $108,617 and $442,114 in 2002.

The following table presents the changes in claims liabilities for the past two years:

	2003	2002
Unpaid Reported Claims Liabilities:		
Unpaid claims and adjustment expense at beginning of year	$4,702,785	$3,926,111
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	843,397	739,753
Increase (Decrease) in provision for insured events of prior years	1,877,240	2,959,010
Total incurred claims and adjustment expenses	2,720,637	3,698,763
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(600,570)	(584,418)
Claims and adjustment expenses attributable to insured events of prior years	(1,336,754)	(2,337,671)
Total payments	(1,937,324)	(2,922,089)
Total unpaid claims and adjustment expenses at end of year	5,486,098	4,702,785
Incurred But Not Reported (IBNR):		
Incurred but not reported at beginning of year	3,421,104	2,780,743
Increase (Decrease) in incurred but not reported	1,253,598	640,361
Incurred but not reported at end of year	4,674,702	3,421,104
Total Unpaid Reported Claims Liabilities and IBNR at end of year	$10,160,800	$8,123,889

D. State Employees' Insurance Plan

The State Employees' Insurance Plan (SEIP) was established in 1965 by Alabama Act No. 833 to provide health insurance benefits for state employees. The SEIP is administered by the State Employees' Insurance Board (SEIB). The monthly premiums for employee and dependent coverage are determined annually and are set at a rate necessary to provide sufficient funds to pay all claims and reasonable expenses of administering the plans. The State pays a monthly premium for each employee and the employee pays the established dependent premium. The SEIB establishes claims liabilities based on estimates of the ultimate cost of claims (including future retroactive claims adjustments) that have been reported but not settled, and of estimated claims that have been incurred but not reported. Because actual claims liabilities are affected by complex changing factors such as inflation, medical technology, and changes in legal doctrines, the process used in computing claims liabilities does not result in an exact amount. Actual claims costs incurred may vary from estimated claims liabilities depending on the similarities in the nature and frequency of the claims between current and prior years. Adjustments of the estimated claims liabilities based on actual results are charged or credited to expense in the periods in which such adjustments are determined.

The SEIB also administers a local government health insurance plan (LGHIP) in the same manner as the SEIP. The following table represents changes in those aggregate liabilities for SEIB during the years ended September 30 (approximately 70% of claim liabilities are related to the SEIP and the remainder to the LGHIP):

	2003	2002
Reported claims payable and estimated claims incurred but not reported at beginning of year	$31,281,302	$24,772,691
Incurred claims and adjustment expenses:		
Provision for insured claims of the current year	344,788,059	293,865,043
Adjustment to estimated claims incurred but not reported at end of year	5,653,574	4,347,874
Total incurred claims and adjustment expenses	350,441,633	298,212,917
Payments:		
Claims and adjustment expenses attributable to insured claims of the current year	(322,888,177)	(270,960,372)
Claims and adjustment expenses attributable to insured claims of prior years	(25,722,908)	(20,743,934)
Total payments	(348,611,085)	(291,704,306)
Reported claims payable and estimated claims incurred but not reported at end of year	$33,111,850	$31,281,302

At year-end, unpaid claims liabilities are computed using the gross method without discounting the accrued claims payable. The separately issued financial report contains note disclosures and supplementary information regarding claims development.

E. **Public Education Employees' Health Insurance**

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 by the provisions of *Act 83-455* to provide a uniform plan of health insurance for current and retired employees of public educational institutions and to provide a method of funding the benefits related to the plan. The plan is administered by the Public Education Employees' Health Insurance Board (PEEHIB).

The State contributes a specified amount monthly to each respective participating school system. Each participating school system must then pay the employer rate to the PEEHIF each month. That rate was $433 per participant for 2003 and $414 per participant for 2002. In addition to the employer payments each month, the employee pays certain premium amounts. PEEHIB established claims liabilities based on the actual cost of claims reported but not settled, and estimates of claims that have been incurred but not reported. Because actual claims liabilities are affected by complex changing factors such as inflation, medical technology, and changes in legal doctrines, the process used in computing claims liabilities does not result in an exact amount. Actual claims costs ultimately incurred may vary from the estimated claims liabilities depending on the similarities in the nature and frequency of the claims between current and prior years. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The following table presents the changes in claims liabilities during 2003 and 2002:

	2003	2002
Unpaid claims and claim adjustment expense at beginning of year	$63,966,008	$55,961,869
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	669,577,643	585,644,385
Increase (Decrease) in provision for insured events of prior years	(3,001,573)	(4,802,201)
Total incurred claims and adjustment expenses	666,576,070	580,842,184
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(596,615,950)	(521,678,377)
Claims and adjustment expenses attributable to insured events of prior years	(60,964,435)	(51,159,668)
Total payments	(657,580,385)	(572,838,045)
Total unpaid claims and adjustment expenses at end of year	$72,961,693	$63,966,008

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

F. **Alabama Health Insurance Plan**

The Alabama Health Insurance Plan (AHIP) was established to provide health insurance coverage to eligible individuals as an alternative to federal oversight required in the Health Insurance Portability and Accountability Act of 1996. AHIP was established in 1997 under Regulation 115 pursuant to Act 97-713, codified as Section 27-52-1 in the *Code of Alabama 1975,* and is governed by a nine member Board of Directors. The plan provides major medical benefits limited to $1,000,000 for the lifetime of a participant. The plan provides that participants pay monthly premiums for health insurance coverage. Coverage is also available for eligible dependents of participants. Premiums are determined annually and are set at a rate necessary to provide sufficient funds to pay all claims and reasonable expenses of administering the plan.

Regulation No. 115 authorizes the Plan to recoup losses by assessing participating insurers based on their health insurance premiums written in the state for any year in which the Plan incurs a deficit. Assessments in excess of actual losses are to be held in interest and used by the board to offset future losses or to reduce future assessments. AHIP obtained funding from assessments totaling $9,736,765 and $8,174,641 in 2003 and 2002, respectively.

AHIP established claims liabilities based on estimates of the ultimate cost of claims (including future retroactive claims adjustments) that have been reported but not settled and of estimated claims that have been incurred but not reported. The estimation of claims costs depends on many factors including historical loss experience. Adjustments of the estimated claims liabilities based on actual results are charged or credited to expense in the periods in which such adjustments are determined.

The following table presents the changes in claims liabilities during the years ended September 30, 2003 and 2002:

	2003	2002
Reported claims payable and estimated claims incurred but not reported at beginning of year	$4,776,916	$4,258,308
Incurred claims:		
Provision for insured events of the current year	23,990,661	23,845,116
Increase (Decrease) in provision for insured events of prior years	0	0
Total incurred claims and adjustment expenses	23,990,661	23,845,116
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(22,530,151)	(21,086,517)
Claims and adjustment expenses attributable to insured events of prior years	(2,163,310)	(2,239,991)
Total payments	(24,693,461)	(23,326,508)
Reported claims payable and estimated claims payable incurred but not reported at end of year	$4,074,116	$4,776,916

At year-end, unpaid claims liabilities are computed using the gross method without discounting the accrued claims payable.

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

G. Alabama State Port Authority

The Alabama State Port Authority is partially self-insured with respect to workers' compensation claims. Claims are self-insured to the extent of claims less than $300,000 with no aggregate limit with respect to the number of such claims. Additionally, any individual claims in excess of $5,000,000 are self-insured. An accrual for uninsured claims is included in other accrued liabilities in the Statement of Net Assets. The liability for uninsured claims includes an estimated amount for claims that have been incurred but have not been reported. The following represents changes in those aggregate liabilities for the Authority during the years ended September 30, 2003 and 2002:

	2003	2002
Reported claims payable and estimated claims incurred but not reported at beginning of year	$874,209	$689,620
Provision for claims	737,870	479,165
Total payments	(448,560)	(294,576)
Reported claims payable and estimated claims payable incurred but not reported at end of year	$1,163,519	$874,209

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

NOTE 7 - RETIREMENT PLANS

A. Retirement Systems of Alabama

The Retirement Systems of Alabama (RSA) administers three retirement programs: The Teachers' Retirement Systems, Employees' Retirement Systems, and Judicial Retirement Fund for the benefit of state employees and public education employees.

1. Plan Descriptions

The Teachers' Retirement System of Alabama (TRS) is a cost-sharing multiple-employer defined benefit pension plan, established as of September 15, 1939 under the provisions of the 1939 *Alabama Acts* 419. The system provides retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The Board of Control has responsibility for the general administration and operation of the TRS.

The Employees' Retirement System of Alabama (ERS) is an agent multiple-employer defined benefit pension plan established as of October 1, 1945, under the provisions of the 1945 *Alabama Acts* 515. This system provides retirement allowances and other specified benefits for state employees, state police, and employees of cities, counties, towns, and quasi-public organizations on an elective basis. The Board of Control is responsible for the general administration and operation of the ERS.

The Judicial Retirement Fund (JRF) is a cost-sharing multiple-employer defined benefit pension plan, established under the 1973 *Alabama Acts* 1163. This system provides retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. Act Number 1205 of the Legislature of 1975 supplemented the provisions of Act Number 1163 and enlarged the scope and coverage of the JRF to include District and Probate Judges. The Board of Control of the ERS administers and operates the JRF.

The TRS, ERS, and JRF provide retirement benefits as well as death and disability benefits as established by state law. The retirement benefit provisions are established by Title 36, Chapter 27 of Alabama State Law and must be amended by statute. Benefits for TRS and ERS members vest after 10 years of credited service. Teachers and state employees who retire after age 60 (52 for state police) with 10 years of credited service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service retirement benefits are calculated by two methods with the member receiving payment under the method which yields the highest monthly benefit: (1) minimum guaranteed, or (2) formula. Under the formula method, members of TRS and ERS (except state police) are allowed 2.0125 percent of their final average salary (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875 percent for each year of state police service in computing the formula method. Disability retirement benefits are calculated in the same manner.

JRF benefits vest from five to eighteen years. Except for justices or judges who were either disabled, elected prior to July 30, 1979, or have at least 25 years of credited service, no justice or judge shall be eligible to receive judicial service retirement pay

prior to attaining sixty years of age. Service retirement benefits for justices and judges are dependent upon the particular office held in the judicial branch of government. A retirement benefit is payable upon the request of any member who has: (1) 25 years of credited service (regardless of age), (2) completed 12 years of credited service and has attained age 65, (3) completed 15 years of credited service and whose age plus service equals or exceeds 77, (4) completed at least 18 years of credited service or three full terms as a judge or justice and has attained age 65 (5) completed 10 years of credited service and has attained age 70, (6) been elected prior to July 30, 1979 and has 18 years of service (regardless of age). A member eligible to retire who has not requested his retirement benefit to commence at the end of the term in which his seventieth birthday occurs is entitled only to the refund of his contributions (except for members with at least 25 years of credited service). The service retirement benefit for a member other than a probate judge is equal to 75 percent of the state-paid salary prescribed by law for the position from which the member retires. If a probate judge is paid on a fee basis, the service retirement benefit is equal to 90% of the benefit payable to a circuit judge on the date such judge retires. If a probate judge is paid on a salary basis, the benefit is equal to 75% of the salary upon which such judge contributes immediately prior to retirement.

A pre-retirement death benefit is offered in which the account is credited with TRS and ERS employer contributions and investment income on such funds. The pre-retirement death benefit (group term life insurance) is paid in addition to the return of member contributions upon the death of an active TRS or ERS member who has completed at least one year of active membership in the system and whose date of death was within 180 days of such member's last date of actual service. However, a surviving spouse beneficiary of a deceased member who was eligible for service retirement may elect a survivor allowance in lieu of this benefit. The pre-retirement death benefit is equal to the annual earnable compensation of the member as reported to the system for the preceding year ending June 30, for TRS and September 30, for ERS. There is no pre-retirement death benefit available for JRF members.

When a member withdraws from service prior to becoming vested, the member's accumulated contributions and a portion of accumulated interest credited to the Annuity Savings account are returned to the member. The portion of accumulated interest, which by law, is not payable to the member, is transferred to the Expense fund.

RSA issues a stand-alone financial report that includes financial statements and required supplementary information (including the six-year trend) for the year ended September 30, 2003. Copies may be obtained by writing to:

The Retirement Systems of Alabama
P.O. Box 302150
135 South Union Street
Montgomery, AL 36130-2150

Title 36, Chapter 27 of the Alabama State Law established the contribution requirements and must be amended by state statute. The law provides that the Boards of Control engage an actuary to prepare an annual valuation of the assets and liabilities of the various reserve funds.

At September 30, 2003, the number of participating employers in each system was as follows:

	TRS	ERS
Cities	-	260
Counties	-	64
Other Public Entities	-	461
Universities	13	-
Post-Secondary Institutions	28	-
City & County Boards of Education	128	-
State Agencies & Other	33	-
Total	202	785

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The TRS, ERS, and JRF financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. The financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board and are considered component units of the State of Alabama.

b. Investments

The Boards of Control of the Systems have the responsibility and authority to invest and reinvest available funds, through the Secretary-Treasurer and Investment Committee, in bonds, mortgage-backed securities, common and preferred stock, or other investment vehicles with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use. All plan assets are carried at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Mortgage-back securities are reported based on future principal and interest payments discounted at the prevailing interest rate for similar instruments. The fair value of real estate investments is based on the estimate of independent appraisals.

As of September 30, 2003, the TRS and ERS owned debt and equity securities of Raycom Media Corporation which represent approximately 8.2 percent and 11.6 percent respectively, of the net assets held in trust for pension benefits. Also, the TRS and ERS owned debt and equity securities of Community News Corporation, which represented approximately 7.5 percent and 6.3 percent, respectively, of the net assets held in trust for pension benefits. Also, the JRF owned debt securities of Texas Utilities Electric, which represented 5.1 percent of the net assets held in trust for pension benefits.

3. Contributions Required and Contributions Made

The actuary has computed, as of the date of the latest available actuarial valuation (June 30, 2003 for TRS and September 30, 2002 for the ERS and JRF), the estimated present value of benefits payable to retired members, beneficiaries and active members. The actuarial valuations are prepared using the entry age method for TRS and ERS, and projected unit credit method for JRF. The present value of all expected benefits payable from each system to the present group of members and beneficiaries is calculated by adding the present value of the expected benefits payable to the active members to the present value of the expected future payments to retired members and beneficiaries.

As required by statute, the TRS, ERS, and JRF funding policies provide for employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll)that are sufficient to accumulate assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs.

For the TRS and ERS, the normal contribution is determined using the “entry age normal” method. Under this method, a calculation is made to determine the uniform and constant percentage rate of the employer contributions which, if applied to the compensation of the average new member during the entire period of the member's anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on the member's behalf. The amortization period is open for the June 30, 2003 actuarial valuation for TRS and the September 30, 2002 actuarial valuation for ERS. The remaining amortization period for TRS, ERS-state employees, and ERS-state policemen is 10 years, 20 years, and 20 years, respectively.

For the JRF, the normal contribution is determined using the “projected accrued benefit” (unit-credit) method. Under this method, the benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial gains (losses), as they occur, generally reduce (increase) the unfunded actuarial accrued liability. The remaining amortization period is 20 years and the period is open.

The required contribution rate of active plan members for TRS and ERS (excluding state police and certified law enforcement, correctional officers and firemen) is 5 percent of earnable compensation. State police members of the ERS are required to

contribute 10 percent. JRF members and certified law enforcement, correctional officers, and firemen members of the TRS and ERS are required to contribute 6 percent of earnable compensation**.**
For fiscal year 2004, the required contribution rate of the employer for ERS (state employees) is 4.19 percent and the rate for TRS is 6.56 percent. The employer contribution rate for ERS state policemen and JRF is 13.87 percent and 21.93 percent, respectively.

a. TRS and JRF

A schedule of Employer Contributions for the TRS and JRF (Cost-sharing plans) is shown below:

	Fiscal Year Ended	Annual Required Contribution *	Percentage Contributed
TRS	2001	279,880	100%
	2002	265,670	100
	2003	235,786	100
JRF	2001	7,598	100
	2002	8,222	100
	2003	8,637	100

* Amounts in Thousands

b. State Employer Segment of ERS

Contributions in 2003 for agent employer ERS were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at September 30, 2000.

Actuarial Methods and Assumptions for ERS:

Valuation Date: September 30, 2000
Actuarial Cost Method: Entry Age
Asset Valuation Method: 5 Yr Smoothed Market
Amortization Method: Level Percent Open
Remaining Amort Period: State Employees 35 years, State Policemen 39 years
Period Closed/Open: Open
Actuarial Assumptions:
Investment Rate of Return: 8% *
Projected Salary Increases: 4.61%-7.75% *
Cost of Living Increases: None

*Includes inflation at 4.5%

Three-Year Trend Information:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2001	47,538,835	100%	0
2002	46,161,155	100	0
2003	48,703,521	100	0

B. Other Pension Plans

The State Port Authority administers two single-employer pension plans, the Hourly Plan and the Terminal Railway Plan, for a small number of hourly workers and railway employees. The Peace Officers Annuity and Benefit Fund is a cost-sharing multiple-employer defined benefit pension plan that provides a small additional pension benefit to State and local peace officers beyond that which is paid by the Employees' Retirement System. The Clerks and Registers Supernumerary Fund is a cost-sharing multiple-employer defined benefit pension plan that provides pension benefits to circuit clerks and registrars of courts. The Alabama Housing Finance Authority established the Alabama Housing Finance Authority Employees' Pension Plan (Plan), a single-employer defined benefit pension plan on September 26, 2002. The Plan provides retirement, death, disability and termination benefits to plan participants and beneficiaries. These pension plans are not material to the State.

NOTE 8 - DEFERRED COMPENSATION

The State offers employees the opportunity to participate in an optional deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan is available to all state employees and permits them to defer a portion of their salary until future years. The current value of the employee contributions may be withdrawn upon termination, retirement, death, or an unforeseeable emergency.

It is the opinion of the State's legal counsel that the State has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor.

The Public Employees' Individual Retirement Account Fund/Deferred Compensation Plan (RSA-1) is administered and operated by its Board of Control. All members of the Teachers' Retirement System of Alabama, Employees' Retirement System of Alabama, Judicial Retirement Fund, and employees of employers eligible to participate in the Employees' Retirement System, are eligible to participate in this plan. At September 30, 2003, plan assets, net of warrants payable, totaled $739,397,464.

State employees may also participate in a plan administered by the Public Employees' Benefit Services Corporation (PEBSCO). This plan is also a deferred compensation plan organized under IRC Section 457. The plan contract has been modified in accordance with new legislation that requires the assets to be held in trust for the benefit of plan participants. The State has no fiduciary responsibility for the assets and therefore does not include the plan in its reporting entity.

NOTE 9 - POSTEMPLOYMENT HEALTH BENEFITS

In addition to the pension benefits described in The Retirement Systems of Alabama note, the State provides postretirement health care benefits, in accordance with *Code of Alabama 1975*, Section 36-29-10, to all retired state employees through the State Employees' Health Insurance Plan (SEHIP) and, in accordance with *Code of Alabama 1975*, Section 16-25A-17, to all retired employees of State educational institutions through the Public Education Employees' Health Insurance Plan (PEEHIP). Employees covered under these two plans who retire from active service and begin receiving monthly benefits from the Employees' Retirement System of Alabama or from the Teachers' Retirement System of Alabama may elect to continue coverage under the group insurance plan by consenting to have deducted from their monthly benefit payment the difference in the total cost of their insurance coverage and the portion authorized to be expended by the SEHIP or the PEEHIP for coverage of such retired employees.

The cost of teachers' retiree health care benefits is recognized as expenditures to PEEHIP as claims are paid. The cost of the benefits is paid from the regular appropriations made to individual education entities. Total active enrolled members were 98,007 and total retired members were 51,698 in fiscal year 2003. The retired employee allocation is funded through the active employee premium. Of the active employee premium, approximately $111,948,948 was on behalf of retired members of PEEHIP for fiscal year 2003. Retirees who are eligible for Medicare benefits must pay $1.14 per month for the Hospital/Medical coverage while those who are not eligible for Medicare must pay $78.00 per month for the coverage. Optionally, the retirees may use this insurance allocation to purchase two plans of supplemental insurance offered by PEEHIP with no out-of-pocket cost. Total premiums paid to PEEHIP by retirees for Hospital/Medical coverage was $12,690,545 for the year. The retirees must pay additional premiums to cover their dependents.

The State provides health care benefits for retired state employees through SEHIP. The cost of benefits is recognized as an expense in the month in which it is incurred. The State pays 100 percent ($110 per month) of the premium for a retiree who is over 65 and eligible for Medicare for a total cost to the State in 2003 of $12,563,320. The State pays a portion of the premium for a retiree who is under 65 at a total cost to the State in 2003 of $6,161,100. Under the SEHIP statute, the fixed amount per month per retiree is funded on a pay-as-you-go basis through the active employee premiums each agency pays for its active employees. Average enrollment in 2003 was 9,518 for retirees over 65, and 4,668 for retirees under 65. COBRA insurance is also available to state employees who terminate state service, but the employee is liable for the premiums.

NOTE 10 - RELATED ORGANIZATIONS

The State's officials are responsible for appointing a majority of the members of the boards of other organizations, but the State's accountability for these organizations does not extend beyond making appointments. The State appoints the nine-member board of the Private Colleges and Universities Facilities Authority and a majority of the five-member Alabama Shakespeare Festival Finance Authority.

NOTE 11 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

A. Joint Ventures

The Tennessee-Tombigbee Waterway Development Authority is a joint venture created by a compact executed between the State of Alabama and the States of Mississippi, Tennessee, and Kentucky. Its purpose is to develop and promote a navigable waterway between the Tennessee and Tombigbee rivers and provide a nine foot deep navigable channel. The State of Alabama provided $98,321 and $104,823 to the Authority for fiscal year 2003 and fiscal year 2002, respectively. The fiscal year of the Tennessee-Tombigbee Waterway Development Authority ends on December 31. Key financial data for the Authority is shown below.

(Amounts in Thousands)

	2003	2002
Current Assets	$ 286	$ 271
Capital Assets	33	33
Total Assets	319	304
Liabilities	-	-
Fund Balance	319	304
Revenues	319	293
Expenditures	304	290

Complete financial statements for the Authority can be obtained at P. O. Drawer 671, Columbus, MS 39703.

B. Jointly Governed Organizations

The Historic Chattahoochee Commission is a jointly governed organization that was created by a compact executed between the State of Alabama and the State of Georgia. The Commission had $348,755 in revenues in 2003, $162,294 of which was received from the State's General Fund. The remainder was from other revenue sources and the State of Georgia.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Montgomery Downtown Redevelopment Authority, a public corporation, issued $65,200,000 of bonds in 1988 to construct the Gordon Persons office building. These bonds were partially refunded in 1992 with a new bond issue of $66,150,000. The Series 1992 bonds were refunded in 2002 with a new bond issue of $43,265,000. The bonds' final maturity is on October 1, 2013. Members of the board of directors of the Authority are appointed by officials of the City of Montgomery, but the Authority is not a part of the City's reporting entity and is therefore considered a separate "stand-alone government." The bonds issued constitute conduit debt obligations of the Authority, and are therefore reported as revenue bond debt of the State. The Authority has also issued conduit debt on behalf of other governments and third parties, none of which is reported in these financial statements. The State operates and maintains the building and has entered into an agreement with the Authority whereby the rental payments from state agencies occupying the building are paid to the Authority, which then uses the money to pay the bond principal and interest. The payments to the Authority are reported by the State as debt principal and interest expenditures.

These financial statements exclude certain foundations and other organizations affiliated with state colleges and universities. While the purpose of these foundations and associations is to operate exclusively for the benefit of the colleges and universities, the colleges and universities are not financially accountable for them; therefore, such organizations do not constitute component units under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity." These are: the University of Alabama in Huntsville (UAH) Foundation, the UAH Eminent Scholar Foundation, the University of Montevallo Foundation, the University of South Alabama (USA) Foundation, the USA Health Services Foundation, the National Alumni Association of the University of Alabama, the Capstone Foundation, the University of Alabama Law School Foundation, the Auburn University Foundation, and the Auburn Alumni Association the University of South Alabama (USA) Foundation, the USA Health Services Foundation, the Alabama A & M Foundation, the Alabama State University Foundation, the Alabama State University Trust for Educational Excellence, the Jacksonville State University Foundation, the Jacksonville State Alumni Association, the University of Alabama Birmingham Educational Foundation (UABEF), the University of Alabama Birmingham Research Foundation (UABRF), the University of Alabama Health Services Foundation, P.C. (HSF), and the Troy State University Foundation, Inc.

The University of Alabama Birmingham Educational Foundation made contributions to the University of Alabama at Birmingham of $4,071,000 during the 2003 fiscal year, and the University generated $27,206,000 in unrestricted current revenues from transactions with HSF.

The University of Alabama at Birmingham (UAB) and HSF have entered into an agreement dated October 7, 1996 which established a common management group, the UAB Health System. The purpose of this agreement is to provide common management for their existing and future health care delivery operations. UAB contributed $4,566,630 during 2003 to the UAB Health System Board.

The University of South Alabama Health Services Foundation and the South Alabama Medical Science Foundation reimburses the University for certain administrative and other support services. Total amounts received for such services in 2003 were $18,638,000 from the Health Services Foundation, and $1,240,000 from the Medical Science Foundation.

NOTE 13 - CONTINGENCIES

A. Grants

The State receives federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes.

Federal grantor agencies from time to time review State records to determine whether the State has complied with the terms and conditions of grant agreements and federal regulations. Any disallowance resulting from a federal audit may become a liability of the State but cannot be reasonably estimated at this time. It is believed that any liability resulting from a determination of noncompliance will not materially affect the State's financial condition.

B. Tobacco Settlement

As a party to a successful multi-state legal settlement with the tobacco industry, the State received $118.6 million in fiscal year 2003 and $224.7 million in the two prior years. This settlement money is intended to compensate the State for smoking related health care costs incurred by various State programs. Annual payments will continue and could total $3.2 billion over 25 years but future settlement payments are subject to adjustment for a number of factors such as inflation, the effect of other lawsuits, decreased sales volume and the financial health of the tobacco companies. Because the exact amount of the future settlement amounts is not measurable, no receivable for these amounts is recorded in these financial statements.

C. Litigation

The State is a party to numerous legal proceedings that occur in the normal course of governmental operations, some of which involve significant amounts. The lawsuits involving significant amounts are described below. Proceedings involving amounts that, when aggregated, will have no material effect on the accompanying government-wide financial statements may have an impact on the related state agencies and funds. The monetary impact, if any, of litigation resulting in adverse rulings is usually addressed in subsequent state budgets and modifications of state laws. Due to the uncertainty involving the ultimate outcome and amounts of the unresolved litigation described below, no provision for potential liability has been recorded in the accompanying financial statements.

Lee v. Macon is a group of cases arising from the desegregation cases filed in the 1960s. The State Board of Education was brought back into these cases in 1997 and is assisting local school districts in negotiating Consent Decrees with the Justice Department, NAACP Legal Defense, and plaintiffs' attorneys. The goal is the creation of unitary school districts, in which the vestiges of segregation have been removed from all aspects of the operation of public schools. State attorneys continue to work on statewide issues and with local districts for unitary status decrees. A statewide consent decree has been negotiated for special education and is being negotiated for facilities.

Two ongoing lawsuits, Johnny Reynolds, et al. v. Alabama Department of Transportation, et al., and Eugene Crum, Jr., et al. v. State of Alabama, et al., involve employment discrimination. These are class action lawsuits alleging that the State has engaged in illegal discriminatory practices in the hiring and promoting of employees. The parties in the Reynolds case have entered into a court-approved settlement effective in April 1994; however, numerous issues have been raised before the Court regarding the implementation of the settlement. The total cost of the Reynolds case has exceeded $185,000,000, with additional costs likely to be incurred in future settlement negotiations. The potential cost of the Crum case is currently undeterminable.

The State of Alabama has been involved in several lawsuits challenging the constitutionality of the franchise tax in effect before 2000. The U. S. Supreme Court ruled that Alabama's franchise tax scheme unconstitutionally discriminated against interstate commerce. The State is continuing to negotiate settlements with corporations for refunds of the unconstitutional tax, with an estimated total refund or settlement liability of $250,000,000. Most of the corporations have settled for significantly lesser amounts. The State Legislature enacted laws to remedy the significant loss of revenue.

The State of Alabama Department of Revenue is also involved in additional significant tax-related lawsuits or actions that challenge the legality of certain taxes or challenge other provisions of tax laws and procedures. These cases have a combined potential refund liability or loss of revenue of approximately $90,000,000. Adverse rulings in these cases could also reduce future revenues.

The Department of Human Resources is involved in many lawsuits that occur in the normal course of its operations, the most significant of which is the R. C. v. Fuller case concerning the care and custody of emotionally disturbed children and children with behavioral disorders. The Department of Human Resources had until October 1, 2002 to comply, at significant cost, with a Consent Decree approved by the Court whereby a new child welfare system, known as the "System of Care" will be fully implemented. Currently, there are 66 counties in compliance with the Consent Decree.

The Department of Mental Health and Mental Retardation has numerous lawsuits that have occurred in the normal course of its

operations related to treatment, injuries, and deaths of patients or recipients of mental health services. These cases have a combined potential liability of more than $60,000,000.

The Department of Corrections has one significant case, Laube v. Haley, a class action alleging overcrowding and conditions of confinement issues at its institutions for female prisoners (primarily at Tutwiler prison). The court has ordered the Department of Corrections to take steps to relieve the overcrowding and other conditions at its facilities. In addition, the Department of Corrections has been ordered by the courts on other cases to relieve the overcrowding of county jails with state inmates awaiting transfer to a state facility. The Department also has lawsuits that have occurred in the normal course of its operations related to treatment, injuries, and deaths of prisoners and victims of prisoners.

The Department of Youth Services is involved in several cases that have occurred in the normal course of their operations related to the incarceration, treatment, and several alleged abuses of youths. One of the abuse cases originally consisted of several lawsuits that have been consolidated where the plaintiffs have demanded in excess of $171,000,000. The remaining cases have a combined potential liability of more than $5,000,000.

In addition to the Reynolds case described above, the Department of Transportation is involved in two other significant cases. In Harbert International Inc. v. Alabama Department of Transportation, the plaintiff is claiming approximately $13,000,000 for work performed on the Cochrane Bridge in Mobile. Another case concerning groundwater contamination in and around the Department's Montgomery facilities, possibly affecting three residential neighborhoods, will likely require the Department to expend funds to clean up the site and for any potential condemnations of residences.

NOTE 14 - DONOR-RESTRICTED ENDOWMENTS

The Uniform Management of Institutional Funds Act, as adopted in Alabama, permits the boards of the educational institutions of the State to allocate an amount of realized and unrealized endowment appreciation as the boards determine to be prudent for donor-restricted endowments. The colleges' policies are to retain the endowments realized and unrealized appreciation with the endowments after the spending rate distributions. Endowments' earnings are classified in accordance with donor restrictions and are reported in the component units as net assets restricted for permanent trust – expendable or non-expendable as appropriate. The University of Alabama's endowments are invested and administered in a common investment pool. At September 30, 2003 the cost of the endowment pool exceeded the fair value by $43,327,000. The board approved a spending rate of 5% of a moving three-year average of the fair (unit) value. In addition, the board approved, if necessary, the utilization of realized endowment gains to meet the spending rate, with all remaining realized endowment gains reinvested in the pool. The other four-year colleges have approved similar spending rate policies with rates ranging between 3 and 6%. The net appreciation of the other colleges at September 30, 2003 was $20,837,276.

NOTE 15 - SUBSEQUENT EVENTS

On December 1, 2003, the Alabama Public School and College Authority issued Series 2003 bonds in the amount of $106,045,000. The interest rates on the bonds range from 2 percent to 5 percent to be paid semiannually on each June 1 and December 1, beginning June 1, 2004. The maturity date of the bonds is December 1, 2023.

On December 1, 2003, the Drinking Water Finance Authority issued Series 2003A Revolving Loan Bonds totaling $38,915,000. The Series 2003A bonds include $24,805,000 serial bonds commencing August 15, 2006 and due August 15, 2021, which bear interest rates ranging from 2.00 percent to 4.50 percent; $7,465,000 term bonds due August 15, 2024, which bear interest at 4.73 percent and $6,645,000 term bonds due August 15, 2027 which bear interest at 4.75 percent.

From October 1, 2003 through March 18, 2004, the Alabama Housing Finance Authority called approximately $88,065,000 of bonds prior to their scheduled maturities in the single family bond program, issued $24,686,000 of bonds in the multifamily bond program and $8,250,000 of bonds in the single family bond program, and redeemed $3,450,000 of multifamily bonds prior to their scheduled maturities.

On October 30, 2003 , UAB issued $25,450,000 in Series 2003B General Revenue Bonds. The bonds pay interest at varying rates from 2.0% to 3.0% with principal due annually through October 1, 2009. The proceeds from this offering will be used to refund $25,045,000 of Series 1993C General Revenue Bonds. UAB incurred an economic gain of approximately $1,514,000 and an accounting loss of $2,612,000.

During October 2003, the Alabama State Port Authority approved a $38,000,000 land option with Exxon Mobil Corp that allows Exxon Mobil to begin seeking permits for construction of a liquefied natural gas terminal at the Middle Bay Port facility. The agreement, with an effective date of October 31, 2003, gives Exxon Mobil three separate one-year option periods during which Exxon Mobil can decide to buy the facility. For each year covered by the option, Exxon Mobil must make a payment of $1.5 million to the Authority. In consideration for providing the option, the Authority received an initial signing payment of $350,000, of which $100,000 relates to the initial option payment of $1.5 million. Unless terminated under the provisions of the agreement, the remaining $1.4 million of the initial option payment is to be remitted to the Authority within 120 days from the effective date of the agreement.

On December 1, 2003, the University of North Alabama issued $11.9 million in Student Housing Revenue Bonds to fund the construction of new on-campus student housing. These bonds are secured by student housing revenue and general fees of the University.

The Troy State University Board of Trustees approved the construction of a new Troy campus classroom and renovation of Clements Hall Dormitory. Construction will begin on both of these facilities during fiscal year 2004. The source of funds for these undertakings will be a $7,860,000 bond issue. This bond issue closed during December, 2003.

In December, 2003 the Alabama Public School and College Authority issued Series 2003 Bonds. A portion of the proceeds ($56,028,000) were deposited to the Hyundai Training Fund to satisfy commitments made to Hyundai Motor Manufacturing Alabama, LLC. After the deposit was made, the January 1, 2004 and April 1, 2004 bonds were terminated and the trustee delivered the two $27,400,000 general obligation bonds being held in escrow to the State.

In regard to the resolution to issue bonds to the Alabama Port Authority in the principal amount of $20,000,000 dated January 1, 2004, the State failed to make a payment of $20,000,000 to the Port Authority before December 31, 2003. On January 31, 2004, the Bank of New York delivered the $20,000,000 bond, dated January 1, 2004, being held in escrow, to the Port Authority.

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
COOSA
BLACK WARRIOR
TALLAPOOSA
CAHABA R.
RIVER
RIVER
ALABAMA
CONECUH R.
PEA R.
TOMBIGBEE
MISSISSIPPI
GEORGIA
FLORIDA
Gulf of Mexico
GREAT SEAL

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule
All Budgeted Funds
For the Fiscal Year Ended September 30, 2003
(Amounts in Thousands)

	GENERAL FUND			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	$ 831,459	$ 868,173	$ 903,963	$ 35,790
Licenses, Permits and Fees	111,063	115,967	120,748	4,781
Fines and Forfeits	42,206	44,070	45,887	1,817
Investment Income	18,024	18,820	19,596	776
Federal Grants and Reimbursements	69,547	72,618	75,612	2,994
Other Revenues	3,429	3,579	3,726	147
Total Revenues	**1,075,728**	**1,123,227**	**1,169,532**	**46,305**
EXPENDITURES				
Administrative Office of Courts	125,036	128,350	128,350	-
Agriculture and Industries	13,855	13,950	12,810	1,140
Attorney General	9,895	9,895	9,895	-
Auditor	956	956	935	21
Commission on Higher Education	-	-	-	-
Corrections	204,409	233,983	233,249	734
Economic and Community Affairs	23,664	23,345	17,995	5,350
Education	-	-	-	-
Emergency Management	4,500	10,737	10,597	140
Examiners of Public Accounts	12,338	12,338	12,338	-
Finance	8,385	8,490	8,397	93
Governor	4,608	5,729	5,564	165
Human Resources	-	-	-	-
Industrial Relations	653	653	646	7
Legislature	22,831	22,844	16,279	6,565
Medicaid	222,032	222,032	222,032	-
Mental Health and Retardation	-	-	-	-
Postsecondary Education	-	-	-	-
Public Health	54,242	54,242	54,134	108
Public Safety	63,976	63,976	63,026	950
Public Service Commission	-	-	-	-
Rehabilitation Services	2,105	2,105	2,105	-
Revenue	125	236	72	164
Secretary of State	1,747	2,237	1,897	340
Transportation	-	-	-	-
Treasurer	2,904	2,904	2,517	387
Youth Services	17,106	17,106	16,531	575
Colleges and Universities	-	-	-	-
Other	182,584	187,220	175,423	11,797
Total Expenditures	**977,951**	**1,023,328**	**994,792**	**28,536**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**97,777**	**99,899**	**174,740**	**74,841**
OTHER FINANCING SOURCES (USES)				
Transfers In	134,717	140,667	146,466	5,799
Transfers Out	(232,494)	(240,566)	(238,373)	2,193
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	**(97,777)**	**(99,899)**	**(91,907)**	**7,992**
Net Change in Fund Balances	**$ 0**	**$ 0**	**82,833**	**$ 82,833**

EDUCATION TRUST FUND				EARMARKED FUNDS			
Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
Original	Final			Original	Final		
$ 4,062,464	$ 4,061,547	$ 4,067,004	$ 5,457	$ 838,810	$ 1,097,429	$ 790,318	$ (307,111)
503	503	504	1	318,666	416,916	300,244	(116,672)
-	-	-	-	17,627	23,062	16,608	(6,454)
-	-	-	-	4,135	5,410	3,896	(1,514)
-	-	-	-	5,813,965	7,606,503	5,477,857	(2,128,646)
167	167	167	-	1,244,720	1,628,487	1,172,762	(455,725)
4,063,134	**4,062,217**	**4,067,675**	**5,458**	**8,237,923**	**10,777,807**	**7,761,685**	**(3,016,122)**
-	-	-	-	20,520	31,875	23,609	8,266
-	-	-	-	15,394	21,191	18,282	2,909
-	-	-	-	5,016	5,516	3,724	1,792
-	-	-	-	-	-	-	-
14,206	13,974	13,451	523	3,574	4,484	2,778	1,706
-	-	-	-	55,859	56,706	44,045	12,661
-	-	-	-	218,339	234,625	188,034	46,591
2,866,215	2,860,762	2,854,460	6,302	1,070,708	1,075,935	779,952	295,983
-	-	-	-	66,482	85,882	54,263	31,619
2,961	2,830	2,830	-	1,452	3,158	1,336	1,822
-	-	-	-	96,197	98,190	71,580	26,610
-	-	-	-	-	-	-	-
-	-	-	-	1,096,673	1,153,343	1,126,282	27,061
-	-	-	-	100,530	100,530	77,653	22,877
-	-	-	-	-	-	-	-
-	-	-	-	3,173,015	3,582,243	3,555,580	26,663
-	-	-	-	549,877	572,420	543,277	29,143
269,366	269,349	268,240	1,109	16,667	19,103	11,497	7,606
15,228	14,609	14,564	45	455,487	472,238	415,702	56,536
-	-	-	-	60,038	69,533	32,723	36,810
-	-	-	-	15,491	15,512	12,709	2,803
28,018	26,783	26,780	3	114,355	114,630	97,341	17,289
-	-	-	-	95,285	95,526	95,467	59
-	-	-	-	2,838	8,678	1,467	7,211
-	-	-	-	1,571,319	3,804,501	1,211,043	2,593,458
-	-	-	-	6,448	6,448	4,557	1,891
44,400	44,365	43,393	972	12,000	14,323	10,089	4,234
877,491	877,469	877,469	-	-	-	-	-
86,202	91,901	91,221	680	651,796	787,732	649,307	138,425
4,204,087	**4,202,042**	**4,192,408**	**9,634**	**9,475,360**	**12,434,322**	**9,032,297**	**3,402,025**
(140,953)	**(139,825)**	**(124,733)**	**15,092**	**(1,237,437)**	**(1,656,515)**	**(1,270,612)**	**385,903**
181,941	181,900	182,144	244	1,237,437	1,618,958	1,165,900	(453,058)
(40,988)	(42,075)	(42,005)	70	-	-	-	-
-	-	-	-	-	37,557	37,557	-
140,953	**139,825**	**140,139**	**314**	**1,237,437**	**1,656,515**	**1,203,457**	**(453,058)**
$ 0	**$ 0**	**15,406**	**$ 15,406**	**$ 0**	**$ 0**	**(67,155)**	**$ (67,155)**

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	BUDGETARY FUNDS			
	General Fund	Education Trust Fund	Earmarked Funds	Alabama Trust
Net Change in Fund Balance	**82,833**	**15,406**	**(67,155)**	
Reconciliation to GAAP Basis:				
Perspective Differences:				
Reclassification of budgetary funds to GAAP financial statement fund types	-	-	67,155	292
Basis Differences:				
Accruals of revenues and other revenue adjustments	75,027	400,560		106
Accruals of expenditures, expenses and other non-budgeted items	(1,149)	263		-
To remove asset purchases treated as budgetary expenditures	5	-		-
To remove encumbrances recognized as expenditures	(639)	4,104		-
Timing Differences:				
Prior budget year revenue adjustments	(130,207)	(76,675)		(12)
To remove budget expenditures/expenses not accrued as liabilities	5,871	(309)		-
To recognize prior budget year expenditures/expenses	(7,705)	(3,620)		-
Entity Differences:				
Add net operating results for funds not budgeted	(12,799)	-		89,128
Net Change in Fund Balances/Net Assets - GAAP Basis	**11,237**	**339,729**	**0**	**89,514**
Fund Balances/Net Assets, October 1, 2002, as Restated	**152,074**	**69,533**		**2,175,845**
Increase (Decrease) in Inventory	(266)	-		-
Fund Balances/Net Assets, September 30, 2003	**$ 163,045**	**$ 409,262**		**$ 2,265,359**

FINANCIAL STATEMENT CLASSIFICATION

Medicaid Fund	Public Road and Bridge Fund	Public Welfare Trust Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Component Units
(1,447)	(119,901)	(12,413)	80,919	(39,131)	(9,149)	(5,720)	26,702	12,693
177,364	(2,648)	11,530	148,683	888	18,969	1,033	41,119	126,314
21,087	(484)	5,863	(11,771)	38,893	(17,103)	2,755	(31,233)	(91,756)
-	-	-	(304)	130	13,216	357	-	(16)
611	74,845	4,929	18,459	332	2,389	1,090	146	2,146
(183,334)	18,426	(8,678)	(109,220)	(143)	1,344	(1,084)	50,923	(33,024)
(1,241)	(1,791)	(1,966)	6,013	(73)	18	(7)	-	1,494
652	(16,059)	742	(82,683)	(155)	(3,776)	-	-	(154,967)
345	35,287	(1,301)	(18,541)	(50,185)	(9,223)	2,396,878	98,159	396,934
14,037	**(12,325)**	**(1,294)**	**31,555**	**(49,444)**	**(3,315)**	**2,395,302**	**185,816**	**259,818**
(71,577)	**488,474**	**28,246**	**1,079,218**	**1,021,234**	**152,783**	**21,562,363**	**498,247**	**2,821,183**
-	3,411	-	20	-	-	-	-	-
$ (57,540)	**$ 479,560**	**$ 26,952**	**$ 1,110,793**	**$ 971,790**	**$ 149,468**	**$ 23,957,665**	**$ 684,063**	**$ 3,081,001**

A. Budgetary Process

Formulation of the budget begins with the preparation of estimates of expenditure requirements for the next fiscal year by the administrative head of each budgeted agency and institution. These estimates are submitted annually to the Executive Budget Office of the Finance Department on or before the first day of the third month preceding each regular session of the Legislature. The budget is prepared by program elements for each agency. Requested changes in programmatic expenditures over the prior fiscal year must be explained, and proposed capital expenditures must be justified as required by the Executive Budget Office.

The budget document, as finally developed by the Governor, is published and transmitted to the Legislature on or before the second legislative day of each regular session. For each agency, comparative summaries of appropriations and revenues are presented for the prior year, current year, the agency's request for the next year, and the Governor's recommendation for the next year. The recommended appropriation bills indicate the programmatic appropriation to each agency and the source of funds from which each appropriation is to be paid. The Legislature then legally enacts the State budget into law through the passage of a number of bills as Appropriation Acts. Some conditional appropriations are mentioned in the Appropriation Acts. The agencies do not include these conditional amounts in the original budget. During 2003 approximately $40 million of supplemental appropriations and $13 million of conditional and other appropriations were distributed to various agencies from the General Fund. Some expenditures are required by law to be fully funded and estimated amounts are approved in the General Fund appropriation bill. Increases to these estimated amounts do not require a new bill and are included as other appropriations. Emergency appropriations cannot exceed two percent of the total amount appropriated. There were no emergency appropriations in fiscal year 2003. The Department of Corrections budget increased by approximately $30 million. The other $23 million in appropriations were distributed to various other agencies. The Education Trust Fund appropriations were reduced by approximately $5 million as a result of proration and increased by $4 million because of supplemental, lapsed, and other appropriations.

The Appropriation Acts budget by agency and program rather than by GAAP basis funds. The State funds its budgetary activities under three budgetary fund groups. The first is the General Fund, which includes many of the general operations of the three branches of government. The second is the Education Trust Fund (ETF), which is restricted to funding all levels of educational activity in the State. The third budgetary group is referred to in the budget documents as Earmarked Funds. The Earmarked Funds group includes the operations of most governmental funds of both the primary government and the component units, as well as portions of some proprietary and fiduciary operations.

The Appropriation Acts do not include a revenue budget. At the time of their passage, estimates prepared by legislative and executive branch professional staff assure the legislature that adequate revenues will be available to meet the level of appropriations approved. The Appropriation Acts specify that in addition to the appropriations made, all gifts, grants, or contributions in excess of the amount appropriated are automatically appropriated to be used for the purposes specified in the grant. This includes Federal funds which are included in the Earmarked Funds. Most of the $3 billion increase in the Earmarked Funds are increased Federal funds.

Numerous statutes exist which restrict the use of most state revenue sources to specific uses. The General Fund is funded by a wide variety of taxes, licenses, and interest income. The ETF is funded primarily by income taxes and sales taxes. The Earmarked Funds are generally funded by a combination of federal funds, local funds, and specific taxes and licenses. State law also requires that if revenues actually received are inadequate to fund the appropriations, then the appropriations must be prorated to the level that the revenues will support. For the Budgetary Comparison Schedule, the budgeted revenues consist of the amount of budgeted expenditures allocated among the revenue categories in proportion to the actual amounts received.

B. Budgetary Control

The legal level of control is the agency and program specified in the Appropriation Acts. For example, “Lab Analysis and Disease Control” and “Agricultural Inspection Services” are two programs within the agency Agriculture and Industries. Below this legal level of control, the professional management of the Finance Department, under the authority of the Governor’s policy, exercises budgetary control at the fund and object level. Each agency must submit an operations plan detailing planned expenditures down to the object level, and then must follow that plan or explain why a change must be made. Allotments of appropriations are made quarterly based on the plans of operations submitted by the agencies. Beyond these additional policy constraints, agencies have full authority for administering their appropriations.

The Department of Finance enforces both the legal level and the professional management level of budgetary control through automated edits which must be complied with before making expenditures against an appropriation. A change between objects within appropriations for programs (financial management level) must have the approval of the Budget Officer and the Finance Director.

The Budget Management Act legally authorizes the transfer of appropriations between programs within an agency with the approval of the Governor. Any transfers approved by the governor must be reported to the Legislature. Transfers between agencies, but within the same program, may be made pursuant to interagency agreements executed for the purposes of accomplishing the objectives for which the Legislature made the appropriation. These interagency agreements must also be approved by the Governor. Under the Budget Management Act, the Governor cannot create new budget authority, he can only transfer existing authority.

Both the *Alabama Constitution* and the statutes require a balanced budget for annual financial operations. The Finance Department monitors revenue projections during the year to ensure that adequate funds will be available to meet budgeted expenditures. If cash collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft or budget deficit in any fiscal year. The General Fund was not prorated in 2003, but the Education Trust Fund was prorated by 4.41% for appropriations not eligible for Education Rainy Day Funds. The Education Rainy Day Fund is legally reserved for the Education Trust Fund and approximately $180 million was transferred to the Education Trust Fund in fiscal year 2003.

C. Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is used as purchase orders are issued to insure that purchase orders plus expenditures do not exceed allotment balances. At fiscal year end this control becomes stricter, as purchase orders plus any other obligations or accounts payable incurred against fiscal year appropriations may not exceed allotment balances.

Encumbrances outstanding at year end in governmental funds are reported on the GAAP basis statements as a reservation of fund balance. Encumbrance balances are reported on the budgetary basis statements as expenditures.

D. Lapsing of Appropriations

All balances of non-capital outlay appropriations not reserved by encumbrances or accounts payable lapse at September 30 of each fiscal year. Furthermore, any appropriation balance not reserved by encumbrances lapses at November 30 following each fiscal year. Encumbrances remain valid for a period of one year following the end of the fiscal year. Balances of encumbrances are reported on the Budgetary Comparison Schedule as expenditures. Capital outlay appropriations for the purchase of land, the construction of buildings, or for the maintenance of roads and bridges of the state highway system continue until the completion of the project.

E. Budgetary Basis of Accounting and Fund Structure

The State budgets and operates primarily on the budgetary basis which approximates the cash basis with certain material exceptions. During the fiscal year, encumbrances, which represent obligations against current fiscal year appropriations, are accrued. At year end, fund balances are reserved to accrue expenditures for those outstanding encumbrances and estimated accounts payable. In compliance with Amendment 26 to the *Constitution*, the total reservation may not exceed the cash on hand in the State Treasury. Therefore, at year end, cash always exceeds obligations (encumbrances and estimated accounts payable). The Budgetary Comparison Schedule (Non-GAAP Basis) presents comparisons of the adopted budget with actual data on a budgetary basis. The budget excludes funds for all entities operating outside the State Treasury, certain distributive accounts such as those for making distributions to local governments, and most debt service accounts. Since the accounting principles used in the State's budgetary basis of accounting differ significantly from those used to present financial statements in conformity with GAAP, a

reconciliation of the differences is presented on the schedule. The new Governmental Accounting Standards Board (GASB) Statement No. 41 requires that budgetary comparison schedules be presented as RSI based on the fund, organization, or program structure that the government uses for its legally adopted budget for a government with significant budgetary perspective differences that result in the government's not being able to present budgetary comparisons for the general fund and each major special revenue fund. The budgetary fund structure for the General Fund group and the Education Trust Fund group is essentially the same as the GAAP fund structure. The Earmarked Fund group does not correspond to a major GAAP fund and these perspective differences are included in the Budget-to-GAAP Reconciliation. The budgets of some major funds are spread throughout various agencies and programs in the Earmarked Fund group. A Detail Schedule of Budget and Actual Expenditures appears in the Supplemental Schedules Section of the CAFR. This schedule provides detail information at the legal level of control for each individual appropriation item contained in the budget for all budgetary fund groups.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for Employees' Retirement System

For the Fiscal Year Ended September 30, 2003

State Employees and State Policemen
(Amounts In Thousands)

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded AAL	(A/B) Funded Ratio	(C) Covered Payroll	((B-A)/C) UAAL as a % of Covered Payroll
9/30/2000	4,689,429	4,369,226	(320,203)	107.3	1,023,022	(31.3)
9/30/2001	4,800,280	4,687,351	(112,929)	102.4	1,091,775	(10.3)
9/30/2002	4,787,994	4,923,618	135,624	97.2	1,163,845	11.7

Modified Approach

As allowed by GASB Statement Number 34, the State has adopted the modified approach for reporting roadway and bridge infrastructure assets. Under the modified approach, depreciation is not recorded. Infrastructure costs that result in an increase in the capacity, an improvement in the efficiency, or a replacement of a portion of the infrastructure network are capitalized and added to the historical cost of the assets. Costs that allow the infrastructure network to be used efficiently over the expected useful life of the assets are expensed as general maintenance costs. Certain maintenance costs that extend the useful life of the assets but do not increase capacity or efficiency are classified as preservation costs. Preservation costs are expensed and reported in lieu of a charge for depreciation expense. Assets accounted for under the modified approach in fiscal year 2003 include approximately 10,846 miles of state maintained highways and 5,583 of state maintained bridges and culverts.

In order to utilize the modified approach, Alabama is required to:

- Maintain an asset management system that includes an inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate annually the amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at or above the established condition level.

A. Roads

Measurement Scale
The Alabama Department of Transportation (ALDOT) uses a Distress Rating to measure and monitor pavement conditions. The Distress Rating is a zero to one hundred score assigned to 50-meter segments of pavement and then averaged for each roadway route using an algorithm developed by the ALDOT Material and Testing Bureau. The algorithm uses the distress categories of roughness, alligator cracking, block cracking, rutting, patching, raveling, transverse cracking, and longitudinal cracking. The 100 point scale is as follows:

RATING	CONDITION	DESCRIPTION
Less than 55	Marginal	Significant Maintenance Required (Resurfacing or Reconstruction)
55 – 70	Satisfactory	Routine Maintenance Required (Patching and/or Sealing)
Greater than 70	Good	Negligible Maintenance Required

Established Condition Level
The weighted average rating of all State maintained roadways shall be “Satisfactory” or better.

Assessed Conditions
The following table represents the most recent condition assessment for roadways classified by Non-Interstate Non-National Highway System Routes, Non-Interstate National Highway System Routes, and Interstate Routes:

CATEGORY	As of 09/30/2003		As of 09/30/2002, as restated	
	MILES	RATING	MILES	RATING
Non-Interstate Non-National Highway System	7,201.2	77.32	7,201.2	78.68
Non-Interstate National Highway System	2,739.4	80.59	2,739.4	80.78
Interstate System	905.6	86.50	905.6	84.35
SUMMARY TOTAL AND WEIGHTED AVERAGE RATING	10,846.2	78.91	10,846.2	79.70

B. Bridges

Measurement Scale
ALDOT uses a weighted rating of the major structure components and the deck area of a bridge or culvert. The GASB 34 Bridge Rating is a zero to ten score assigned to each component-rating category and then averaged for each bridge asset classification using an algorithm developed by the ALDOT Maintenance Bureau. The algorithm uses the assessed weighted ratings, each bridge deck area, and the sum of all deck areas. The ten point scale is as follows:

RATING	CONDITION	DESCRIPTION
1 – 4.99	Marginal	Structural elements have been seriously affected by deterioration.
5 – 6.99	Satisfactory	Structural elements are sound but have minor deterioration.
7 or Greater	Good	Structural elements show negligible signs of deterioration.

Established Condition Level
The weighted average rating of all State maintained bridges and culverts shall be "Satisfactory" or better.

Assessed Conditions
The following table represents the most recent condition assessment for bridges and culverts classified by Non-Interstate Non-National Highway System Routes, Non-Interstate National Highway System Routes, and Interstate Routes:

CATEGORY	09/30/2003		As of 09/30/2002, as restated	
	STRUCTURES	RATING	STRUCTURES	RATING
Non-Interstate Non-National Highway System	2,904	6.81	2,904	6.78
Non-Interstate National Highway System	1,526	6.77	1,526	6.79
Interstate System	1,153	6.28	1,153	6.35
SUMMARY TOTAL AND WEIGHTED AVERAGE RATING	5,583	6.69	5,583	6.69

C. Estimated and Actual Costs

In both fiscal years 2003 and 2002, the State estimated it would need to spend $205,000,000 to preserve and maintain all roadway and bridge assets at or above the "Established Condition Levels" presented above. In fiscal years 2003 and 2002, the State spent $124,388,121 and $186,391,931, respectively for maintenance and preservation of the roadway and bridge assets. Even though actual spending on maintenance and preservation of infrastructure assets fell below estimated, condition levels are expected to continue to meet or exceed the "Established Condition Levels," as supported by the most recent condition assessment.

COMBINING BALANCE SHEET
Nonmajor Governmental Funds by Fund Type

September 30, 2003

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 660,590	$ 5,210	$ 469,012	$ 3,448	$ 1,138,260
Investments	95,645	3,792	-	27,656	127,093
Accounts Receivable	1,353	-	-	-	1,353
Due from Other Funds	30,829	-	287	-	31,116
Due from Component Units	644	-	-	-	644
Due from Other Governments	87,434	-	-	-	87,434
Taxes Receivable	89,177	-	-	-	89,177
Interest and Dividends Receivable	391	1	-	132	524
Mortgages, Notes, and Loans Receivable	-	-	-	33	33
Inventory	668	-	-	-	668
Other Assets	1	-	-	-	1
Restricted Assets	1,224	-	-	-	1,224
TOTAL ASSETS	**$ 967,956**	**$ 9,003**	**$ 469,299**	**$ 31,269**	**$ 1,477,527**
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 8,614	$ -	$ 792	$ -	$ 9,406
Accounts Payable	74,940	24	876	-	75,840
Salaries Payable	29,162	-	-	-	29,162
Due to Other Funds	17,672	-	1,000	3	18,675
Due to Component Units	808	-	-	-	808
Due to Other Governments	129,542	-	10	-	129,552
Deferred Revenue	75,927	-	-	-	75,927
Amounts Held in Custody for Others	26,923	-	-	-	26,923
Compensated Absences	441	-	-	-	441
Total Liabilities	**364,029**	**24**	**2,678**	**3**	**366,734**
Fund Balances					
Reserved for:					
Encumbrances	27,449	-	1,184	-	28,633
Inventory	668	-	-	-	668
Court Settlements	9,350	-	-	-	9,350
Donor Restrictions	33	-	-	-	33
Permanent Trust Principal	37,844	-	-	26,558	64,402
Unreserved, Designated for Capital Projects	-	-	465,437	-	465,437
Unreserved, Designated for Debt Retirement	-	8,979	-	-	8,979
Unreserved, Undesignated	528,583	-	-	4,708	533,291
Total Fund Balances	**603,927**	**8,979**	**466,621**	**31,266**	**1,110,793**
TOTAL LIABILITIES AND FUND BALANCES	**$ 967,956**	**$ 9,003**	**$ 469,299**	**$ 31,269**	**$ 1,477,527**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Nonmajor Governmental Funds by Fund Type

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
REVENUES					
Taxes	$ 597,856	$ -	$ -	$ -	$ 597,856
Licenses, Permits, and Fees	238,011	-	-	998	239,009
Fines, Forfeits, and Court Settlements	17,643	-	-	-	17,643
Investment Income	3,600	393	5,461	1,353	10,807
Federal Grants and Reimbursements	1,412,707	-	-	-	1,412,707
Other Revenues	341,479	6,290	-	29	347,798
Total Revenues	**2,611,296**	**6,683**	**5,461**	**2,380**	**2,625,820**
EXPENDITURES					
Current:					
Economic Development and Regulation	56,730	-	-	-	56,730
Education and Cultural Resources	803,820	-	-	174	803,994
Natural Resources and Recreation	98,851	-	2,909	-	101,760
Health - Physical and Mental	492,734	-	-	-	492,734
Social Services	349,762	-	-	-	349,762
Protection of Persons and Property	262,184	-	-	-	262,184
Transportation	25,863	-	-	-	25,863
General Government	251,897	-	-	-	251,897
Distributions to Local Governments	367,462	-	-	-	367,462
Capital Outlay	8,660	-	39,976	-	48,636
Debt Service - Principal Retirement	5,224	37,292	-	-	42,516
Debt Service - Interest and Other Charges	858	29,952	146	-	30,956
Total Expenditures	**2,724,045**	**67,244**	**43,031**	**174**	**2,834,494**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(112,749)**	**(60,561)**	**(37,570)**	**2,206**	**(208,674)**
OTHER FINANCING SOURCES (USES)					
Transfers In	366,242	56,591	41,668	495	464,996
Transfers Out	(192,330)	(338)	(40,895)	(132)	(233,695)
Bond Proceeds	-	14	4,291	-	4,305
Proceeds from Refunding Bonds	-	17,553	-	-	17,553
Current Refunding to Bondholders	-	(17,162)	-	-	(17,162)
Capital Lease Proceeds	598	-	-	-	598
Other Debt Proceeds	-	3,634	-	-	3,634
Total Other Financing Sources (Uses)	**174,510**	**60,292**	**5,064**	**363**	**240,229**
Net Change in Fund Balances	**61,761**	**(269)**	**(32,506)**	**2,569**	**31,555**
Fund Balances, October 1, 2002, as Restated	542,146	9,248	499,127	28,697	1,079,218
Increase (Decrease) in Inventory	20	-	-	-	20
Fund Balances, September 30, 2003	**$ 603,927**	**$ 8,979**	**$ 466,621**	**$ 31,266**	**$ 1,110,793**

ALABAMA
TENNESSEE
TENNESSEE RIVER
MISSISSIPPI
GEORGIA
BLACK WARRIOR RIVER
COOSA RIVER
TALLAPOOSA RIVER
CAHABA R.
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Nonmajor Special Revenue Funds

Nonmajor Special Revenue Funds account for specific revenue sources that are legally restricted to finance particular functions and activities of the State.

Public Health Department

Accounts for resources used for the primary operations of the Department of Public Health, which promotes the general physical health, enforces laws relating to public health and operates programs providing preventive and treatment services to the public.

Education Department

Accounts primarily for Federal programs administered by the State Department of Education.

Economic and Community Affairs

The Department of Economic and Community Affairs oversees federal and State programs related to energy management, skills enhancement and employment opportunities, traffic control and accident prevention, and state and regional planning.

Revenues Allocated to Local Governments

Account for revenues from gasoline taxes, motor vehicle licenses, TVA payments, and other revenue sources which are shared with local governments.

Other Medicaid Fund

Accounts for activity associated with the Medicaid program that is not reported in the Major Governmental Funds under either the General Fund or the Medicaid Fund.

Rehabilitation Services

Accounts for the operation of the Department of Rehabilitation Services which operates programs that provide services to aid handicapped citizens.

Public School Fund

Accounts for revenues and expenditures which are allocated to local boards of education for support of educational programs.

Children First Trust

Accounts for tobacco settlement revenues that are restricted to various programs that benefit children.

Revenue Administrative

Administers the collection of most state taxes and licenses.

Industrial Relations

Administers the employment security, workers compensation, and industrial safety and accident prevention programs.

Conservation and Natural Resources

Is responsible for the management of the State's game and wildlife resources as well as operation of the State parks system.

Other Special Revenue Funds

Are aggregated for reporting purposes and account for various other resources which must be used for specific purposes.

COMBINING BALANCE SHEET
Nonmajor Special Revenue Funds

September 30, 2003
(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Local Governments	Other Medicaid Funds
ASSETS					
Cash and Cash Equivalents	$ 45,325	$ 26,903	$ 18,938	$ 66,969	$ 984
Investments	-	-	-	-	-
Accounts Receivable	134	72	53	-	-
Due from Other Funds	6,948	7,341	287	240	-
Due from Component Units	14	-	-	-	-
Due from Other Governments	12,618	59,136	11,526	-	-
Taxes Receivable	-	-	-	-	-
Interest and Dividends Receivable	-	-	-	-	-
Inventory	-	-	-	-	-
Other Assets	-	-	-	-	-
Restricted Assets	-	-	-	-	-
TOTAL ASSETS	**$ 65,039**	**$ 93,452**	**$ 30,804**	**$ 67,209**	**$ 984**
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 351	$ 1,531	$ 624	$ 631	$ -
Accounts Payable	15,116	14,942	7,613	19	-
Salaries Payable	7,395	1,791	583	-	-
Due to Other Funds	3,850	629	117	-	-
Due to Component Units	-	-	-	-	-
Due to Other Governments	154	51,180	3,804	66,559	-
Deferred Revenue	-	-	-	-	-
Amounts Held in Custody for Others	-	-	-	-	-
Compensated Absences	7	20	8	-	-
Total Liabilities	**26,873**	**70,093**	**12,749**	**67,209**	**0**
Fund Balances					
Reserved for:					
Encumbrances	5,116	3,730	132	-	-
Inventory	-	-	-	-	-
Court Settlements	-	-	9,350	-	-
Donor Restrictions	-	-	-	-	-
Permanent Trust Principal	-	-	-	-	-
Unreserved, Undesignated	33,050	19,629	8,573	-	984
Total Fund Balances	**38,166**	**23,359**	**18,055**	**0**	**984**
TOTAL LIABILITIES AND FUND BALANCES	**$ 65,039**	**$ 93,452**	**$ 30,804**	**$ 67,209**	**$ 984**

Rehabilitation Services	Public School Fund	Children First Trust	Revenue Administrative	Industrial Relations	Conservation and Natural Resources	Other Special Revenue Funds	Totals
$ 18,867	$ 9,578	$ 74,363	$ 10,572	$ 15,461	$ 58,409	$ 314,221	$ 660,590
-	-	-	-	-	13	95,632	95,645
36	-	63	-	-	740	255	1,353
57	-	1,223	21	255	2,299	12,158	30,829
15	-	-	-	-	11	604	644
-	-	-	-	406	-	3,748	87,434
-	84,515	-	274	-	1,427	2,961	89,177
-	-	-	-	-	-	391	391
144	-	-	-	-	384	140	668
-	-	-	-	-	-	1	1
-	-	-	-	-	-	1,224	1,224
$ 19,119	**$ 94,093**	**$ 75,649**	**$ 10,867**	**$ 16,122**	**$ 63,283**	**$ 431,335**	**$ 967,956**
$ 384	$ -	$ 17	$ 39	$ 44	$ 795	$ 4,198	$ 8,614
9,449	-	1,722	1,543	920	2,671	20,945	74,940
1,575	-	-	3,757	3,225	2,536	8,300	29,162
322	-	1,073	4,867	516	1,150	5,148	17,672
804	-	-	-	-	-	4	808
180	-	9	7	23	313	7,313	129,542
-	70,526	-	-	1,291	1,370	2,740	75,927
-	-	-	57	-	44	26,822	26,923
-	-	-	76	139	43	148	441
12,714	**70,526**	**2,821**	**10,346**	**6,158**	**8,922**	**75,618**	**364,029**
1,980	-	128	791	462	4,905	10,205	27,449
144	-	-	-	-	384	140	668
-	-	-	-	-	-	-	9,350
-	-	-	-	-	-	33	33
-	-	-	-	-	-	37,844	37,844
4,281	23,567	72,700	(270)	9,502	49,072	307,495	528,583
6,405	**23,567**	**72,828**	**521**	**9,964**	**54,361**	**355,717**	**603,927**
$ 19,119	**$ 94,093**	**$ 75,649**	**$ 10,867**	**$ 16,122**	**$ 63,283**	**$ 431,335**	**$ 967,956**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Local Governments	Other Medicaid Funds
REVENUES					
Taxes	$ -	$ 2,270	$ -	$ 310,256	$ 37,488
Licenses, Permits, and Fees	18,208	1,360	-	31,660	-
Fines, Forfeits, and Court Settlements	-	-	1,294	5	-
Investment Income	26	-	161	-	-
Federal Grants and Reimbursements	248,750	648,784	181,746	2,399	-
Other Revenues	71,595	9,279	547	-	74,562
Total Revenues	**338,579**	**661,693**	**183,748**	**344,320**	**112,050**
EXPENDITURES					
Current:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	643,962	-	-	-
Natural Resources and Recreation	-	-	-	-	-
Health - Physical and Mental	386,727	-	-	-	37,400
Social Services	-	34,783	54,258	-	-
Protection of Persons and Property	-	-	26,688	-	-
Transportation	-	-	-	-	-
General Government	-	-	79,885	-	-
Distributions to Local Governments	-	-	-	365,962	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	1,749	-	-	-	-
Debt Service - Interest and Other Charges	287	-	-	-	-
Total Expenditures	**388,763**	**678,745**	**160,831**	**365,962**	**37,400**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(50,184)**	**(17,052)**	**22,917**	**(21,642)**	**74,650**
OTHER FINANCING SOURCES (USES)					
Transfers In	59,398	11,605	6,840	21,642	1
Transfers Out	(18,149)	(1,916)	(25,578)	-	(80,000)
Capital Lease Proceeds	-	-	-	-	-
Total Other Financing Sources (Uses)	**41,249**	**9,689**	**(18,738)**	**21,642**	**(79,999)**
Net Change in Fund Balances	**(8,935)**	**(7,363)**	**4,179**	**0**	**(5,349)**
Fund Balances, October 1, 2002, as Restated	47,101	30,722	13,876	-	6,333
Increase (Decrease) in Inventory	-	-	-	-	-
Fund Balances, September 30, 2003	**$ 38,166**	**$ 23,359**	**$ 18,055**	**$ 0**	**$ 984**

Rehabilitation Services	Public School Fund	Children First Trust	Revenue Administrative	Industrial Relations	Conservation and Natural Resources	Other Special Revenue Funds	Totals
$ -	$ 108,124	$ -	$ 86,523	$ 4,181	$ 11,061	$ 37,953	$ 597,856
-	-	-	1,189	111	17,802	167,681	238,011
1,401	3	-	6	59	830	14,045	17,643
-	-	-	-	84	522	2,807	3,600
63,165	-	-	-	57,431	13,514	196,918	1,412,707
284	388	61,422	3,047	2,117	30,577	87,661	341,479
64,850	**108,515**	**61,422**	**90,765**	**63,983**	**74,306**	**507,065**	**2,611,296**
-	-	-	-	-	-	56,730	56,730
6,897	105,000	13,238	-	-	-	34,723	803,820
-	-	-	-	-	84,498	14,353	98,851
-	-	5,466	-	-	-	63,141	492,734
82,340	-	18,690	-	69,583	-	90,108	349,762
-	-	9,623	-	7,438	-	218,435	262,184
-	-	-	-	-	-	25,863	25,863
-	-	9,425	92,811	-	-	69,776	251,897
-	-	-	-	-	-	1,500	367,462
-	-	-	-	-	-	8,660	8,660
-	-	-	15	-	645	2,815	5,224
-	-	-	2	53	23	493	858
89,237	**105,000**	**56,442**	**92,828**	**77,074**	**85,166**	**586,597**	**2,724,045**
(24,387)	**3,515**	**4,980**	**(2,063)**	**(13,091)**	**(10,860)**	**(79,532)**	**(112,749)**
24,467	540	-	5,947	12,858	10,991	211,953	366,242
(1,722)	-	(301)	(3,294)	(236)	(6,979)	(54,155)	(192,330)
-	-	-	-	-	417	181	598
22,745	**540**	**(301)**	**2,653**	**12,622**	**4,429**	**157,979**	**174,510**
(1,642)	**4,055**	**4,679**	**590**	**(469)**	**(6,431)**	**78,447**	**61,761**
8,041	19,512	68,149	(69)	10,433	60,840	277,208	542,146
6	-	-	-	-	(48)	62	20
$ 6,405	**$ 23,567**	**$ 72,828**	**$ 521**	**$ 9,964**	**$ 54,361**	**$ 355,717**	**$ 603,927**

COMBINING BALANCE SHEET
Other Nonmajor Special Revenue Funds

September 30, 2003
(Amounts in Thousands)

	Corrections	Environmental Management	Senior Services	Professional and Occupational Boards	Emergency Management
ASSETS					
Cash and Cash Equivalents	$ 4,015	$ 9,736	$ 1,066	$ 30,726	$ 1,112
Investments	268	4,360	-	6,119	-
Accounts Receivable	5	-	-	9	-
Due from Other Funds	2,293	1,486	3,505	13	1
Due from Component Units	-	593	-	-	-
Due from Other Governments	-	-	3,099	-	-
Taxes Receivable	-	-	-	-	-
Interest and Dividends Receivable	-	-	-	-	-
Inventory	-	-	-	-	-
Other Assets	-	-	-	-	-
Restricted Assets	-	-	-	-	-
TOTAL ASSETS	**$ 6,581**	**$ 16,175**	**$ 7,670**	**$ 36,867**	**$ 1,113**
LIABILITIES AND FUND BALANCES					
Warrants Payable	$ 18	$ 768	$ -	$ 311	$ 319
Accounts Payable	305	4,713	1	1,139	155
Salaries Payable	158	1,718	63	550	138
Due to Other Funds	1	1,259	-	147	19
Due to Component Units	-	-	-	-	-
Due to Other Governments	-	125	4,753	9	-
Deferred Revenue	-	-	-	2,289	62
Amounts Held in Custody for Others	-	-	-	705	-
Compensated Absences	-	43	-	2	-
Total Liabilities	**482**	**8,626**	**4,817**	**5,152**	**693**
Fund Balances					
Reserved for:					
Encumbrances	321	1,246	6	984	240
Inventory	-	-	-	-	-
Donor Restrictions	-	-	-	-	-
Permanent Trust Principal	-	-	-	-	-
Unreserved, Undesignated	5,778	6,303	2,847	30,731	180
Total Fund Balances	**6,099**	**7,549**	**2,853**	**31,715**	**420**
TOTAL LIABILITIES AND FUND BALANCES	**$ 6,581**	**$ 16,175**	**$ 7,670**	**$ 36,867**	**$ 1,113**

Educational Television Foundation Authority	Public Health Care Authority	Forever Wild Trust	State Parks Improvement Corporation	Miscellaneous Special Revenue Funds	Totals
$ 564	$ 375	$ 17,227	$ 5,508	$ 243,892	$ 314,221
2,270	-	-	-	82,615	95,632
23	-	149	-	69	255
-	-	225	-	4,635	12,158
-	-	-	-	11	604
-	22	-	-	627	3,748
-	-	-	-	2,961	2,961
-	-	13	-	378	391
-	-	-	-	140	140
-	-	-	-	1	1
1,224	-	-	-	-	1,224
$ 4,081	**$ 397**	**$ 17,614**	**$ 5,508**	**$ 335,329**	**$ 431,335**
$ -	$ -	$ -	$ -	$ 2,782	$ 4,198
242	338	4	-	14,048	20,945
-	-	-	-	5,673	8,300
-	-	445	-	3,277	5,148
-	-	-	-	4	4
-	-	-	-	2,426	7,313
-	-	-	-	389	2,740
-	-	-	-	26,117	26,822
-	-	-	-	103	148
242	**338**	**449**	**0**	**54,819**	**75,618**
-	-	-	-	7,408	10,205
-	-	-	-	140	140
-	-	-	-	33	33
-	-	-	-	37,844	37,844
3,839	59	17,165	5,508	235,085	307,495
3,839	**59**	**17,165**	**5,508**	**280,510**	**355,717**
$ 4,081	**$ 397**	**$ 17,614**	**$ 5,508**	**$ 335,329**	**$ 431,335**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Other Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Corrections	Environmental Management	Senior Services	Professional and Occupational Boards	Emergency Management
REVENUES					
Taxes	$ -	$ 103	$ -	$ -	$ -
Licenses, Permits, and Fees	2,871	27,025	-	28,096	-
Fines, Forfeits, and Court Settlements	1,525	1,138	20	2,325	-
Investment Income	7	(296)	-	408	-
Federal Grants and Reimbursements	412	16,930	23,074	121	53,009
Other Revenues	23,478	1,069	1	1,590	771
Total Revenues	**28,293**	**45,969**	**23,095**	**32,540**	**53,780**
EXPENDITURES					
Current:					
Economic Development and Regulation	-	-	-	1,641	-
Education and Cultural Resources	-	-	-	-	-
Natural Resources and Recreation	-	-	-	6	-
Health - Physical and Mental	-	59,105	-	-	-
Social Services	-	-	50,245	-	-
Protection of Persons and Property	29,644	-	-	26,701	52,705
Transportation	-	-	-	-	-
General Government	-	-	-	35	-
Distributions to Local Governments	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	532	-	-	-	-
Debt Service - Interest and Other Charges	318	-	-	-	-
Total Expenditures	**30,494**	**59,105**	**50,245**	**28,383**	**52,705**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(2,201)**	**(13,136)**	**(27,150)**	**4,157**	**1,075**
OTHER FINANCING SOURCES (USES)					
Transfers In	7,394	7,420	31,249	412	-
Transfers Out	(6,488)	(2,200)	(4,010)	(747)	(1,295)
Capital Lease Proceeds	-	-	-	-	-
Total Other Financing Sources (Uses)	**906**	**5,220**	**27,239**	**(335)**	**(1,295)**
Net Change in Fund Balances	**(1,295)**	**(7,916)**	**89**	**3,822**	**(220)**
Fund Balances, October 1, 2002, as Restated	7,394	15,465	2,764	27,893	640
Increase (Decrease) in Inventory	-	-	-	-	-
Fund Balances, September 30, 2003	**$ 6,099**	**$ 7,549**	**$ 2,853**	**$ 31,715**	**$ 420**

Educational Television Foundation Authority	Public Health Care Authority	Forever Wild Trust	State Parks Improvement Corporation	Miscellaneous Special Revenue Funds	Totals
$ -	$ -	$ -	$ -	$ 37,850	$ 37,953
-	-	45	-	109,644	167,681
-	-	63	-	8,974	14,045
181	20	130	68	2,289	2,807
-	-	1,000	-	102,372	196,918
7,350	1	148	-	53,253	87,661
7,531	**21**	**1,386**	**68**	**314,382**	**507,065**
-	-	-	-	55,089	56,730
7,045	-	-	-	27,678	34,723
-	-	3,236	-	11,111	14,353
-	3,519	-	-	517	63,141
-	-	-	-	39,863	90,108
-	-	-	-	109,385	218,435
-	-	-	-	25,863	25,863
-	-	-	-	69,741	69,776
-	-	-	-	1,500	1,500
-	-	-	-	8,660	8,660
-	-	-	-	2,283	2,815
-	17	-	-	158	493
7,045	**3,536**	**3,236**	**0**	**351,848**	**586,597**
486	**(3,515)**	**(1,850)**	**68**	**(37,466)**	**(79,532)**
-	3,528	11,672	-	150,278	211,953
-	-	(812)	-	(38,603)	(54,155)
-	-	-	-	181	181
0	**3,528**	**10,860**	**0**	**111,856**	**157,979**
486	**13**	**9,010**	**68**	**74,390**	**78,447**
3,353	46	8,155	5,440	206,058	277,208
-	-	-	-	62	62
$ 3,839	**$ 59**	**$ 17,165**	**$ 5,508**	**$ 280,510**	**$ 355,717**

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GREAT SEAL

Nonmajor Debt Service Funds

Nonmajor Debt Service Funds account for the accumulation of resources which are used for the payment of general governmental debt principal and interest.

Industrial Access Road & Bridge Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Industrial Access Road and Bridge Authority for the purpose of financing road and bridge construction to industrial sites.

Corrections Institution Finance Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Corrections Institution Finance Authority for the purpose of financing prison construction.

Judicial Building Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction of facilities used by the unified judicial system.

Public Health Care Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction of public health facilities.

General Obligation Bond

Accounts for the accumulation of resources used to pay general obligation interest and principal on debt issued by the State for the purpose of financing a wide variety of construction projects.

Federal Aid Highway Finance Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing road and bridge construction.

COMBINING BALANCE SHEET
Nonmajor Debt Service Funds

September 30, 2003
(Amounts in Thousands)

	Industrial Access Road and Bridge Authority	Corrections Institution Finance Authority	Judicial Building Authority	Public Health Care Authority	General Obligation Bonds
ASSETS					
Cash and Cash Equivalents	$ -	$ 713	$ 3,721	$ 776	$ -
Investments	-	-	-	3,792	-
Interest and Dividends Receivable	-	-	-	1	-
TOTAL ASSETS	**$ 0**	**$ 713**	**$ 3,721**	**$ 4,569**	**$ 0**
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ -	$ -	$ -	$ 24	$ -
Total Liabilities	**0**	**0**	**0**	**24**	**0**
Fund Balances					
Unreserved, Designated for Debt Retirement	-	713	3,721	4,545	-
Total Fund Balances	**0**	**713**	**3,721**	**4,545**	**0**
TOTAL LIABILITIES AND FUND BALANCES	**$ 0**	**$ 713**	**$ 3,721**	**$ 4,569**	**$ 0**

Federal Aid Highway Finance Authority	Totals
$ -	$ 5,210
-	3,792
-	1
$ 0	**$ 9,003**
$ -	$ 24
0	**24**
-	8,979
0	**8,979**
$ 0	**$ 9,003**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Nonmajor Debt Service Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Industrial Access Road and Bridge Authority	Corrections Institution Finance Authority	Judicial Building Authority	Public Health Care Authority	General Obligation Bonds
REVENUES					
Investment Income	$ -	$ 47	$ 26	$ 320	$ -
Other Revenues	-	-	3,973	2,317	-
Total Revenues	**0**	**47**	**3,999**	**2,637**	**0**
EXPENDITURES					
Debt Service - Principal Retirement	4,065	5,165	1,534	5,411	11,582
Debt Service - Interest and Other Charges	384	1,934	2,437	512	15,323
Total Expenditures	**4,449**	**7,099**	**3,971**	**5,923**	**26,905**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(4,449)**	**(7,052)**	**28**	**(3,286)**	**(26,905)**
OTHER FINANCING SOURCES (USES)					
Transfers In	4,449	6,488	-	-	26,757
Transfers Out	-	-	-	(338)	-
Bond Proceeds	-	14	-	-	-
Proceeds from Refunding Bonds	-	17,553	-	-	-
Current Refunding to Bondholders	-	(17,162)	-	-	-
Other Debt Proceeds	-	-	-	3,634	-
Total Other Financing Sources (Uses)	**4,449**	**6,893**	**0**	**3,296**	**26,757**
Net Change in Fund Balances	**0**	**(159)**	**28**	**10**	**(148)**
Fund Balances, October 1, 2002, as Restated	-	872	3,693	4,535	148
Fund Balances, September 30, 2003	**$ 0**	**$ 713**	**$ 3,721**	**$ 4,545**	**$ 0**

Federal Aid Highway Finance Authority	Totals
$ -	$ 393
-	6,290
0	**6,683**
9,535	37,292
9,362	29,952
18,897	**67,244**
(18,897)	**(60,561)**
18,897	56,591
-	(338)
-	14
-	17,553
-	(17,162)
-	3,634
18,897	**60,292**
0	**(269)**
-	9,248
$ 0	**$ 8,979**

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GREAT SEAL

Nonmajor Capital Projects Funds

Nonmajor Capital Projects Funds account for the acquisition, construction, and improvement of major general governmental capital assets.

General Obligation Bond Projects

Accounts for the proceeds of general obligation debt issued by the State for a wide variety of construction projects involving waterways, parks, roads, prisons, mental hospitals, research labs, and other buildings.

State Parks Improvement Corporation

Accounts for the proceeds of debt issued by the State for the purpose of financing renovations to the State Parks System.

Federal Aid Highway Finance Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing improvements to the State's roads and bridges.

Other Capital Projects

Accounts for the proceeds of all other debt issued by the State to fund capital projects.

COMBINING BALANCE SHEET
Nonmajor Capital Projects Funds

September 30, 2003

(Amounts in Thousands)

	General Obligation Bond Projects	State Parks Improvement Corporation	Federal Aid Highway Finance Authority	Other Capital Project Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 155,248	$ 103,078	$ 206,497	$ 4,189	$ 469,012
Due from Other Funds	-	287	-	-	287
TOTAL ASSETS	**$ 155,248**	**$ 103,365**	**$ 206,497**	**$ 4,189**	**$ 469,299**
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 775	$ 17	$ -	$ -	$ 792
Accounts Payable	-	876	-	-	876
Due to Other Funds	-	1,000	-	-	1,000
Due to Other Governments	-	10	-	-	10
Total Liabilities	**775**	**1,903**	**0**	**0**	**2,678**
Fund Balances					
Reserved for:					
Encumbrances	-	1,184	-	-	1,184
Unreserved, Designated for Capital Projects	154,473	100,278	206,497	4,189	465,437
Total Fund Balances	**154,473**	**101,462**	**206,497**	**4,189**	**466,621**
TOTAL LIABILITIES AND FUND BALANCES	**$ 155,248**	**$ 103,365**	**$ 206,497**	**$ 4,189**	**$ 469,299**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Nonmajor Capital Projects Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Obligation Bond Projects	State Parks Improvement Corporation	Federal Aid Highway Finance Authority	Other Capital Project Funds	Totals
REVENUES					
Investment Income	$ 1,776	$ 1,240	$ 2,419	$ 26	$ 5,461
Total Revenues	**1,776**	**1,240**	**2,419**	**26**	**5,461**
EXPENDITURES					
Current:					
Natural Resources and Recreation	-	2,909	-	-	2,909
Capital Outlay	39,859	-	-	117	39,976
Debt Service - Interest and Other Charges	135	-	-	11	146
Total Expenditures	**39,994**	**2,909**	**0**	**128**	**43,031**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(38,218)**	**(1,669)**	**2,419**	**(102)**	**(37,570)**
OTHER FINANCING SOURCES (USES)					
Transfers In	41,668	-	-	-	41,668
Transfers Out	(40,892)	-	-	(3)	(40,895)
Bond Proceeds	-	-	-	4,291	4,291
Total Other Financing Sources (Uses)	**776**	**0**	**0**	**4,288**	**5,064**
Net Change in Fund Balances	**(37,442)**	**(1,669)**	**2,419**	**4,186**	**(32,506)**
Fund Balances, October 1, 2002, as Restated	191,915	103,131	204,078	3	499,127
Fund Balances, September 30, 2003	**$ 154,473**	**$ 101,462**	**$ 206,497**	**$ 4,189**	**$ 466,621**

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GREAT SEAL

Nonmajor Permanent Funds

Nonmajor Permanent Funds report resources that are legally restricted so that only earnings, not principal, may be used for purposes that support the State's governmental programs.

Marine, Game and Fish Endowment

Invests the proceeds of lifetime hunting and fishing licenses and uses the investment income to preserve, protect, propagate, and develop wildlife within the State.

Alabama Research Institute

Is a trust fund which awards research grants to State universities to promote science and technology.

Other Permanent Funds

Accounts for several small permanent funds which further educational, health, and social programs.

COMBINING BALANCE SHEET
Nonmajor Permanent Funds

September 30, 2003
(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Institute	Other Permanent Funds	Totals
ASSETS				
Cash and Cash Equivalents	$ 36	$ 3	$ 3,409	$ 3,448
Investments	11,728	12,320	3,608	27,656
Interest and Dividends Receivable	-	132	-	132
Mortgages, Notes, and Loans Receivable	-	-	33	33
TOTAL ASSETS	**$ 11,764**	**$ 12,455**	**$ 7,050**	**$ 31,269**
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to Other Funds	$ 3	$ -	$ -	$ 3
Total Liabilities	**3**	**0**	**0**	**3**
Fund Balances				
Reserved for:				
Permanent Trust Principal	10,432	11,500	4,626	26,558
Unreserved, Undesignated	1,329	955	2,424	4,708
Total Fund Balances	**11,761**	**12,455**	**7,050**	**31,266**
TOTAL LIABILITIES AND FUND BALANCES	**$ 11,764**	**$ 12,455**	**$ 7,050**	**$ 31,269**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Nonmajor Permanent Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Institute	Other Permanent Funds	Totals
REVENUES				
Licenses, Permits, and Fees	$ 821	$ -	$ 177	$ 998
Investment Income	485	693	175	1,353
Other Revenues	-	-	29	29
Total Revenues	**1,306**	**693**	**381**	**2,380**
EXPENDITURES				
Current:				
Education and Cultural Resources	-	174	-	174
Total Expenditures	**0**	**174**	**0**	**174**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**1,306**	**519**	**381**	**2,206**
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	495	495
Transfers Out	-	(13)	(119)	(132)
Total Other Financing Sources (Uses)	**0**	**(13)**	**376**	**363**
Net Change in Fund Balances	**1,306**	**506**	**757**	**2,569**
Fund Balances, October 1, 2002, as Restated	10,455	11,949	6,293	28,697
Fund Balances, September 30, 2003	**$ 11,761**	**$ 12,455**	**$ 7,050**	**$ 31,266**

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Nonmajor Enterprise Funds

Nonmajor Enterprise Funds are used to account for the operations of State agencies that provide goods and services to the public in a manner similar to private business enterprises. The cost of providing the goods or services are recovered primarily through user charges.

Alabama Health Insurance Plan

Provides health insurance coverage for citizens who have lost their group health insurance.

Local Government Employees' Health Insurance

Is a public entity risk pool providing health insurance coverage for the employees of local governments.

Surplus Property

Accounts for the disposition of surplus State equipment as well as the distribution of federal surplus property.

Other Enterprise Funds

Are aggregated for reporting purposes to account for other small enterprise funds operated by the State, including the Guaranteed Student Loan Fund, Military Billeting, and the canteen funds of the National Guard and the Department of Corrections.

COMBINING STATEMENT OF NET ASSETS
Nonmajor Enterprise Funds

September 30, 2003

(Amounts in Thousands)

	Alabama Health Insurance Plan	Local Government Employees' Health Insur	Surplus Property	Other Enterprise Funds	Totals
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 9,656	$ 4,732	$ 1,180	$ 4,656	$ 20,224
Investments, Short-term	-	11,093	-	-	11,093
Accounts Receivable	160	845	-	187	1,192
Interest and Dividends Receivable	-	135	-	-	135
Due from Other Funds	-	-	247	3	250
Due from Component Units	-	-	1	-	1
Inventory	-	-	13,059	592	13,651
Other Current Assets	-	156	-	-	156
Total Current Assets	**9,816**	**16,961**	**14,487**	**5,438**	**46,702**
Noncurrent Assets					
Investments, Long-term	-	6,278	-	-	6,278
Capital Assets, Net of Accumulated Depreciation	-	-	64	5,717	5,781
Total Noncurrent Assets	**0**	**6,278**	**64**	**5,717**	**12,059**
TOTAL ASSETS	**9,816**	**23,239**	**14,551**	**11,155**	**58,761**
LIABILITIES					
Current Liabilities					
Warrants Payable	-	-	-	6	6
Accounts Payable	47	2,110	29	204	2,390
Salaries Payable	-	-	16	74	90
Due to Other Funds	71	9	668	403	1,151
Due to Component Units	-	4	16	-	20
Due to Other Governments	-	-	1	6	7
Deferred Revenue	465	3,678	-	-	4,143
Funds Held in Escrow	-	-	12,832	-	12,832
Claims Payable	1,810	-	-	-	1,810
Insurance Claims Incurred But Not Reported	2,264	7,499	-	-	9,763
Notes Payable	-	-	-	88	88
Total Current Liabilities	**4,657**	**13,300**	**13,562**	**781**	**32,300**
Long-term Liabilities					
Compensated Absences	-	-	61	261	322
Notes Payable	-	-	-	1,376	1,376
Total Long-term Liabilities	**0**	**0**	**61**	**1,637**	**1,698**
Total Liabilities	**4,657**	**13,300**	**13,623**	**2,418**	**33,998**
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	-	-	64	5,888	5,952
Restricted for:					
Other Purposes	-	-	55	-	55
Unrestricted	5,159	9,939	809	2,849	18,756
TOTAL NET ASSETS	**$ 5,159**	**$ 9,939**	**$ 928**	**$ 8,737**	**$ 24,763**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Alabama Health Insurance Plan	Local Government Employees' Health Insur	Surplus Property	Other Enterprise Funds	Totals
OPERATING REVENUES					
Charges for Goods and Services	$ -	$ -	$ 2,637	$ 19,510	$ 22,147
Investment Earnings	-	2,291	-	20	2,311
Premiums and Contributions	18,775	82,696	-	-	101,471
Rents and Leases	-	-	-	636	636
Total Operating Revenues	**18,775**	**84,987**	**2,637**	**20,166**	**126,565**
OPERATING EXPENSES					
Salaries, Wages, and Benefits	-	-	701	1,733	2,434
Utilities and Communications	-	-	36	207	243
Professional Services	19	859	52	447	1,377
Supplies, Materials, and Operating Expenses	71	-	1,571	12,945	14,587
Depreciation	-	-	14	441	455
Claims and Benefits	23,991	86,068	-	-	110,059
Other	-	-	338	504	842
Total Operating Expenses	**24,081**	**86,927**	**2,712**	**16,277**	**129,997**
Operating Income (Loss)	**(5,306)**	**(1,940)**	**(75)**	**3,889**	**(3,432)**
NONOPERATING REVENUES (EXPENSES)					
Taxes	9,737	-	-	-	9,737
Investment Income	171	-	-	6	177
Other Nonoperating Revenues	-	-	8	209	217
Interest Expense	-	-	-	(58)	(58)
Total Nonoperating Revenues (Expenses)	**9,908**	**0**	**8**	**157**	**10,073**
Income (Loss) Before Transfers and Contributions	**4,602**	**(1,940)**	**(67)**	**4,046**	**6,641**
Transfers In	-	-	501	144	645
Transfers Out	(192)	(1,050)	(168)	(4,382)	(5,792)
Increase (Decrease) in Net Assets	**4,410**	**(2,990)**	**266**	**(192)**	**1,494**
Total Net Assets, October 1, 2002, as Restated	749	12,929	662	8,929	23,269
Total Net Assets, September 30, 2003	**$ 5,159**	**$ 9,939**	**$ 928**	**$ 8,737**	**$ 24,763**

COMBINING STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Alabama Health Insurance Plan	Local Government Employees' Health Insur	Surplus Property	Other Enterprise Funds	Totals
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	28,397	83,156	2,201	20,174	133,928
Receipts from Interfund Services	-	-	375	25	400
Receipts from Other Operating Activities	71	-	2,183	618	2,872
Payments for Goods Held for Resale	(276)	-	(1,388)	(8)	(1,672)
Payments for Other Goods & Services	(24,693)	(1,037)	(473)	(9,774)	(35,977)
Payments for Employees Services	-	-	(825)	(1,808)	(2,633)
Payments for Interfund Services	-	(14)	(116)	(126)	(256)
Payments for Other Operating Activities	-	-	(1,665)	(4,698)	(6,363)
Payments for Claims	-	(85,051)	-	-	(85,051)
Net Cash Provided by (Used In) Operating Activities	**3,499**	**(2,946)**	**292**	**4,403**	**5,248**
Cash Flows from Noncapital Financing Activities:					
Proceeds of Program Revenue Bonds & Other Noncapital Debt	-	-	-	90	90
Transfers from Other Funds for Noncapital Financing	-	-	501	-	501
Interest Paid on Program Bonds & Other Noncapital Debt	-	-	-	(58)	(58)
Transfers to Other Funds for Noncapital Financing	-	(1,050)	(190)	-	(1,240)
Net Cash Provided By (Used In) Noncapital Financing Activities	**0**	**(1,050)**	**311**	**32**	**(707)**
Cash Flows From Capital & Related Financing Activities:					
Receipts from Sale of Capital Assets & Insurance Proceeds	-	-	-	24	24
Payments to Acquire, Construct, & Improve Capital Assets	-	-	(15)	(4,120)	(4,135)
Net Cash Provided by (Used in) Capital and Related Financing Activities	**0**	**0**	**(15)**	**(4,096)**	**(4,111)**
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	-	88,783	-	-	88,783
Receipts from Interest & Dividends on Investments & Loans	171	316	-	6	493
Purchase of Investments	-	(81,309)	-	-	(81,309)
Net Cash Provided By (Used In) Investing Activities	**171**	**7,790**	**0**	**6**	**7,967**
Net Increase (Decrease) In Cash and Cash Equivalents	**3,670**	**3,794**	**588**	**345**	**8,397**
Cash Balance, October 1, 2002	5,986	938	592	4,305	11,821
Cash Balance, September 30, 2003	**9,656**	**4,732**	**1,180**	**4,650**	**20,218**
Add: Warrants Payable	-	-	-	6	6
Cash and Cash Equivalents, as Reported on Balance Sheet	**$ 9,656**	**$ 4,732**	**$ 1,180**	**$ 4,656**	**$ 20,224**

COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page)
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2003
(Amounts in Thousands)

	Alabama Health Insurance Plan	Local Government Employees' Health Insur	Surplus Property	Other Enterprise Funds	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	**(5,306)**	**(1,940)**	**(75)**	**3,889**	**(3,432)**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Accounts Receivable	(126)	(845)	-	19	(952)
Due from Other Funds	-	-	84	(2)	82
Due From Other Governments	-	190	-	-	190
Inventory	-	-	70	(42)	28
Other Assets	-	(97)	-	-	(97)
Accounts Payable	(696)	16	(120)	(281)	(1,081)
Salaries Payable	-	-	(31)	(51)	(82)
Due to Other Funds	71	(10)	(274)	276	63
Due to Other Governments	-	-	-	2	2
Amounts Held Pending Distribution	-	-	683	-	683
Deferred Revenue	12	1,116	-	-	1,128
Insurance Claims Incurred But Not Reported	-	915	-	-	915
Compensated Absences	-	-	(68)	(23)	(91)
Investment Income	-	(2,291)	-	-	(2,291)
Depreciation	-	-	14	441	455
Nonoperating Revenues	9,737	-	9	175	9,921
Nonoperating Expenses	(193)	-	-	-	(193)
Total Adjustments	8,805	(1,006)	367	514	8,680
Net Cash Provided (Used) by Operating Activities	**$ 3,499**	**$ (2,946)**	**$ 292**	**$ 4,403**	**$ 5,248**
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Transfers, Donations, and Other Additions to Capital Assets	-	-	-	223	223
Disposals, Write-offs, and Other Reductions to Capital Asset	-	-	(36)	(276)	(312)
Interest Accruals and Other Adjustments	-	813	-	-	813
Unrealized Gains (Losses) in Investment Fair Value	-	(2,788)	-	-	(2,788)
Investment Accruals and Other Adjustments	-	2,230	-	-	2,230
Transfers In (Out)	-	-	(22)	-	(22)

ALABAMA
TENNESSEE
TENNESSEE RIVER
MISSISSIPPI
GEORGIA
BLACK WARRIOR RIVER
COOSA RIVER
TALLAPOOSA RIVER
CAHABA R.
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Internal Service Funds

Internal Service Funds account for the operation of State organizations which provide goods and services to other State agencies on a cost-reimbursement basis.

Information Services Fund

Provides equipment, computer services, information technology, and planning and coordination in equipment and system selection.

Telecommunications Fund

Provides for the coordination and promotion of the efficiency in the acquisition, operation and maintenance of telecommunications equipment, systems, and networks used by state agencies.

Service Division

Account for various services provided to State agencies including rental of office buildings, janitorial services, motor pool, mail services, and building maintenance.

Printing & Publications

Provides printing services to State agencies.

State Employees' Health Insurance

Provides health insurance coverage for State employees.

Correctional Industries

Accounts for the agricultural operations and manufacturing activities of the State's correctional facilities.

Building Renovation Finance Authority

Accounts for the rental and maintenance of the buildings in the State Capitol Complex.

Risk Management

Accounts for resources used to provide insurance coverage for State buildings, school buildings, and their contents. Risk Management also insures State employees against work related injuries as well as the risk of loss from employment-related liability

Other Internal Service Funds

Account for other small internal service funds operated by the Finance and Military Departments.

COMBINING STATEMENT OF NET ASSETS
Internal Service Funds

September 30, 2003
(Amounts in Thousands)

	Information Services Fund	Telecom-munications Fund	Service Division	Printing and Publications	State Employees' Health Insurance
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 15,046	$ 4,631	$ 2,775	$ 326	$ 9,408
Investments, Short-term	-	-	-	-	52,944
Accounts Receivable	-	1,532	-	-	1,031
Interest and Dividends Receivable	-	-	-	-	211
Due from Other Funds	8,363	2,652	2,303	543	984
Due from Component Units	243	115	-	46	51
Inventory	-	-	1,705	249	-
Other Current Assets	-	-	-	-	-
Total Current Assets	**23,652**	**8,930**	**6,783**	**1,164**	**64,629**
Noncurrent Assets					
Investments, Long-term	-	-	-	-	11,823
Other Noncurrent Assets	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	1,538	3,863	1,548	854	225
Total Noncurrent Assets	**1,538**	**3,863**	**1,548**	**854**	**12,048**
TOTAL ASSETS	**25,190**	**12,793**	**8,331**	**2,018**	**76,677**
LIABILITIES					
Current Liabilities					
Warrants Payable	35	7	451	12	7
Accounts Payable	545	2,933	184	160	4,514
Salaries Payable	379	169	51	132	108
Due to Other Funds	107	1,657	48	27	233
Due to Component Units	-	5	-	-	46
Due to Other Governments	3,993	-	-	-	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	-	-	-	21,607
Compensated Absences	1	-	-	8	-
Claims Payable	-	-	-	-	-
Insurance Claims Incurred But Not Reported	-	-	-	-	19,500
Revenue Bonds Payable	-	-	-	-	-
Capital Leases	215	1,772	-	119	-
Total Current Liabilities	**5,275**	**6,543**	**734**	**458**	**46,015**
Long-term Liabilities					
Deferred Revenue, Noncurrent	2,437	1	-	-	-
Compensated Absences	1,134	510	71	383	312
Revenue Bonds Payable	-	-	-	-	-
Capital Leases Payable	-	1,271	-	219	-
Total Long-term Liabilities	**3,571**	**1,782**	**71**	**602**	**312**
Total Liabilities	**8,846**	**8,325**	**805**	**1,060**	**46,327**
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	1,323	820	1,548	516	225
Unrestricted	15,021	3,648	5,978	442	30,125
TOTAL NET ASSETS	**$ 16,344**	**$ 4,468**	**$ 7,526**	**$ 958**	**$ 30,350**

Correctional Industries	Building Renovation Finance Authority	Risk Management	Other Internal Service Funds	Totals
$ 6,093	$ 19,776	$ 4,240	$ 374	$ 62,669
-	-	24,263	-	77,207
1	-	185	-	2,749
-	-	571	-	782
1,056	177	303	240	16,621
2	-	168	55	680
2,116	-	-	-	4,070
-	-	5,492	-	5,492
9,268	**19,953**	**35,222**	**669**	**170,270**
-	-	103,911	-	115,734
-	842	-	-	842
2,083	48,047	68	10	58,236
2,083	**48,889**	**103,979**	**10**	**174,812**
11,351	**68,842**	**139,201**	**679**	**345,082**
3	1	301	-	817
407	929	691	18	10,381
249	127	108	56	1,379
55	100	922	21	3,170
-	-	49	-	100
1	25	-	-	4,019
-	1,031	-	-	1,031
-	-	-	-	21,607
10	-	-	-	19
-	-	28,351	-	28,351
-	-	17,409	-	36,909
-	935	-	-	935
-	-	-	-	2,106
725	**3,148**	**47,831**	**95**	**110,824**
-	-	-	-	2,438
732	327	216	191	3,876
-	76,986	-	-	76,986
-	-	-	-	1,490
732	**77,313**	**216**	**191**	**84,790**
1,457	**80,461**	**48,047**	**286**	**195,614**
2,083	(29,873)	68	10	(23,280)
7,811	18,254	91,086	383	172,748
$ 9,894	**$ (11,619)**	**$ 91,154**	**$ 393**	**$ 149,468**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Internal Service Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Information Services Fund	Telecom-munications Fund	Service Division	Printing and Publications	State Employees' Health Insurance
OPERATING REVENUES					
Charges for Goods and Services	$ 22,910	$ 21,991	$ 10,109	$ 4,505	$ -
Investment Earnings	-	-	-	-	2,085
Premiums and Contributions	-	-	-	-	267,174
Rents and Leases	-	-	-	-	-
Total Operating Revenues	**22,910**	**21,991**	**10,109**	**4,505**	**269,259**
OPERATING EXPENSES					
Salaries, Wages, and Benefits	6,590	2,942	894	2,325	1,242
Utilities and Communications	178	16,826	20	146	166
Professional Services	1,820	1,205	95	83	2,288
Supplies, Materials, and Operating Expenses	1,688	422	8,136	1,517	545
Interest	-	-	-	-	-
Depreciation	586	2,911	556	435	54
Claims and Benefits	-	-	-	-	264,654
Other	5,196	748	346	624	249
Total Operating Expenses	**16,058**	**25,054**	**10,047**	**5,130**	**269,198**
Operating Income (Loss)	**6,852**	**(3,063)**	**62**	**(625)**	**61**
NONOPERATING REVENUES (EXPENSES)					
Investment Income	-	-	-	-	-
Other Nonoperating Revenues	5	380	48	12	-
Interest Expense	(18)	(118)	-	(21)	-
Other Nonoperating Expenses	(51)	-	-	-	-
Total Nonoperating Revenues (Expenses)	**(64)**	**262**	**48**	**(9)**	**0**
Income (Loss) Before Transfers and Contributions	**6,788**	**(2,801)**	**110**	**(634)**	**61**
Transfers In	-	3,302	-	-	1,242
Transfers Out	(17)	(8)	(4)	(10)	(425)
Increase (Decrease) in Net Assets	**6,771**	**493**	**106**	**(644)**	**878**
Total Net Assets, October 1, 2002, as Restated	9,573	3,975	7,420	1,602	29,472
Total Net Assets, September 30, 2003	**$ 16,344**	**$ 4,468**	**$ 7,526**	**$ 958**	**$ 30,350**

Correctional Industries	Building Renovation Finance Authority	Risk Management	Other Internal Service Funds	Totals
$ 11,722	$ -	$ 1,501	$ 840	$ 73,578
-	-	5,394	-	7,479
-	-	27,746	-	294,920
-	11,619	-	-	11,619
11,722	**11,619**	**34,641**	**840**	**387,596**
4,435	2,360	2,031	917	23,736
520	2,574	125	12	20,567
245	873	5,217	249	12,075
5,960	282	13,768	15	32,333
-	4,022	-	-	4,022
325	3,761	53	8	8,689
-	-	23,284	-	287,938
1,035	586	1,477	95	10,356
12,520	**14,458**	**45,955**	**1,296**	**399,716**
(798)	**(2,839)**	**(11,314)**	**(456)**	**(12,120)**
-	140	-	-	140
29	104	402	55	1,035
-	-	-	-	(157)
(125)	-	-	-	(176)
(96)	**244**	**402**	**55**	**842**
(894)	**(2,595)**	**(10,912)**	**(401)**	**(11,278)**
2,485	6,957	-	-	13,986
(19)	(5,532)	(5)	(3)	(6,023)
1,572	**(1,170)**	**(10,917)**	**(404)**	**(3,315)**
8,322	(10,449)	102,071	797	152,783
$ 9,894	**$ (11,619)**	**$ 91,154**	**$ 393**	**$ 149,468**

COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Information Services Fund	Telecom-munications Fund	Service Division	Printing and Publications	State Employees' Health Insurance
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	89	1,554	110	105	-
Receipts from Interfund Services	20,028	20,556	9,335	4,305	267,169
Receipts from Other Operating Activities	1,121	7,023	3	385	-
Payments for Goods Held for Resale	(1,358)	-	(7,978)	(1,219)	-
Payments for Other Goods & Services	(7,319)	(17,428)	(413)	(864)	(3,435)
Payments for Employees Services	(6,583)	(2,934)	(938)	(2,434)	(1,608)
Payments for Interfund Services	(566)	(625)	(196)	(140)	(691)
Payments for Other Operating Activities	(455)	(6,645)	(4)	(2)	(11)
Payments for Claims	-	-	-	-	(264,095)
Net Cash Provided by (Used In) Operating Activities	**4,957**	**1,501**	**(81)**	**136**	**(2,671)**
Cash Flows from Noncapital Financing Activities:					
Transfers from Other Funds for Noncapital Financing	-	3,302	-	-	1,242
Transfers to Other Funds for Noncapital Financing	(17)	(15)	(4)	(10)	(430)
Net Cash Provided By (Used In) Noncapital Financing Activities	**(17)**	**3,287**	**(4)**	**(10)**	**812**
Cash Flows From Capital & Related Financing Activities:					
Receipts from Sale of Capital Assets & Insurance Proceeds	3	-	102	1	-
Payments to Acquire, Construct, & Improve Capital Assets	(946)	(411)	(807)	(13)	(9)
Principal Paid on Revenue Bonds & Other Capital Debt	(246)	(1,894)	-	(164)	-
Interest Paid on Revenue Bonds & Other Capital Debt	(18)	(119)	-	(21)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	**(1,207)**	**(2,424)**	**(705)**	**(197)**	**(9)**
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	-	-	-	-	390,990
Receipts from Interest & Dividends on Investments & Loans	-	-	-	-	926
Purchase of Investments	-	-	-	-	(383,090)
Net Cash Provided By (Used In) Investing Activities	**0**	**0**	**0**	**0**	**8,826**
Net Increase (Decrease) In Cash and Cash Equivalents	**3,733**	**2,364**	**(790)**	**(71)**	**6,958**
Cash Balance, October 1, 2002	11,278	2,260	3,114	385	2,443
Restatements	-	-	-	-	-
Cash Balance, September 30, 2003	**15,011**	**4,624**	**2,324**	**314**	**9,401**
Add: Warrants Payable	35	7	451	12	7
Cash and Cash Equivalents, as Reported on Balance Sheet	**$ 15,046**	**$ 4,631**	**$ 2,775**	**$ 326**	**$ 9,408**

Correctional Industries	Building Renovation Finance Authority	Risk Management	Other Internal Service Funds	Totals
4,778	16	1,503	-	8,155
6,585	12,064	1,483	966	342,491
12	136	30,649	63	39,392
(4,789)	-	-	-	(15,344)
(1,860)	(3,918)	(18,414)	(104)	(53,755)
(4,395)	(2,353)	(2,047)	(896)	(24,188)
(430)	(370)	(1,948)	(253)	(5,219)
(128)	(2)	(1,424)	(8)	(8,679)
-	-	(15,225)	-	(279,320)
(227)	**5,573**	**(5,423)**	**(232)**	**3,533**
2,485	1,440	-	-	8,469
(19)	(14)	(5)	(3)	(517)
2,466	**1,426**	**(5)**	**(3)**	**7,952**
16	-	-	-	122
(274)	(5,784)	(4)	(4)	(8,252)
-	(895)	-	-	(3,199)
-	(3,255)	-	-	(3,413)
(258)	**(9,934)**	**(4)**	**(4)**	**(14,742)**
-	-	398,091	-	789,081
-	141	5,442	-	6,509
-	-	(398,936)	-	(782,026)
0	**141**	**4,597**	**0**	**13,564**
1,981	**(2,794)**	**(835)**	**(239)**	**10,307**
4,109	22,447	4,774	613	51,423
-	122	-	-	122
6,090	**19,775**	**3,939**	**374**	**61,852**
3	1	301	-	817
$ 6,093	**$ 19,776**	**$ 4,240**	**$ 374**	**$ 62,669**

Continued on next page...

COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page)
Internal Service Funds

For the Fiscal Year Ended September 30, 2003
(Amounts in Thousands)

	Information Services Fund	Telecom-munications Fund	Service Division	Printing and Publications	State Employees' Health Insurance
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	**6,852**	**(3,063)**	**62**	**(625)**	**61**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Accounts Receivable	-	-	-	-	(1,031)
Due from Other Funds	(661)	120	(720)	642	(416)
Inventory	-	-	159	280	-
Other Assets	-	-	-	-	-
Equipment	1	-	-	-	-
Accounts Payable	(325)	1,122	(142)	(130)	(165)
Salaries Payable	(11)	-	-	(17)	2
Due to Other Funds	(5)	(1,087)	4	(6)	(62)
Claims Payable	-	-	-	-	(72)
Amounts Held Pending Distribution	-	(3)	-	-	-
Deferred Revenue	(20)	-	-	(363)	224
Insurance Claims Incurred But Not Reported	-	-	-	-	790
Amounts Held in Custody for Others	(1,478)	1,093	-	-	-
Compensated Absences	17	8	(5)	(92)	29
Investment Income	-	-	-	-	(2,085)
Operating Interest Expense	-	-	-	-	-
Depreciation	586	2,911	556	435	54
Nonoperating Revenues	1	400	5	12	-
Total Adjustments	(1,895)	4,564	(143)	761	(2,732)
Net Cash Provided (Used) by Operating Activities	**$ 4,957**	**$ 1,501**	**$ (81)**	**$ 136**	**$ (2,671)**
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Transfers, Donations, and Other Additions to Capital Assets	1,100	2,551	20	10	232
Disposals, Write-offs, and Other Reductions to Capital Asset	(2,292)	(1,613)	(1,432)	(103)	(35)
Interest Accruals and Other Adjustments	-	-	-	-	(1,160)
Unrealized Gains (Losses) in Investment Fair Value	-	-	-	-	-
Investment Accruals and Other Adjustments	-	-	-	-	1,516
Transfers In (Out)	-	(7)	-	-	(5)

Correctional Industries	Building Renovation Finance Authority	Risk Management	Other Internal Service Funds	Totals
(798)	**(2,839)**	**(11,314)**	**(456)**	**(12,120)**
(1)	-	1,318	-	286
(108)	421	60	-	(662)
860	-	-	-	1,299
-	-	(505)	-	(505)
-	-	-	-	1
(274)	50	(861)	16	(709)
(9)	(14)	11	3	(35)
(279)	37	(376)	122	(1,652)
-	-	6,716	-	6,644
-	-	-	-	(3)
-	-	-	-	(159)
-	-	2,478	-	3,268
-	-	45	-	(340)
56	4	(26)	18	9
-	-	(5,394)	-	(7,479)
-	4,022	-	-	4,022
325	3,761	53	8	8,689
1	131	2,372	57	2,979
571	8,412	5,891	224	15,653
$ (227)	**$ 5,573**	**$ (5,423)**	**$ (232)**	**$ 3,533**
37	6,083	29	11	10,073
(623)	(9,336)	(2)	(1)	(15,437)
-	-	336	-	(824)
-	-	(1,457)	-	(1,457)
-	-	1,654	-	3,170
-	-	-	-	(12)

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Pension (and Other Employee Benefit) Trust Funds

Pension (and Other Employee Benefit) Trust Funds account for the resources held in trust for members and beneficiaries of retirement plans and other employee benefit plans administered by the State.

Employees' Retirement System

Accounts for the accumulation of resources for pension benefit payments to State employees, State police, and employees of other eligible governmental organizations such as cities and counties within the State.

Teachers' Retirement System

Accounts for the accumulation of resources for pension benefit payments to employees of state-supported educational institutions.

Judicial Retirement Fund

Accounts for the accumulation of resources for pension benefit payments to judges of the State's Supreme Court, Court of Civil Appeals, Court of Criminal Appeals, and Circuit Court.

Peace Officers' Annuity and Benefits

Provides a pension benefit to State and local peace officers.

State Port Authority Hourly Plan

Is a retirement fund for certain hourly employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

State Port Authority Railway Plan

Is a retirement fund for certain employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

Clerks And Registers Supernumerary

Is a pension plan for certain employees of the court system.

Flexible Employee's Benefit Board

Provides a number of benefit programs to State employees such as a cafeteria plan, health care reimbursement accounts, and dependent care reimbursement accounts.

Employee Savings Plans

Accounts for resources contributed by public employees for deferred compensation plans and individual retirement accounts.

COMBINING STATEMENT OF PLAN NET ASSETS
Pension (and Other Employee Benefit) Trust Funds

September 30, 2003
(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefit	State Port Authority Hourly Plan
ASSETS					
Cash and Cash Equivalents	$ 18,043	$ 40,159	$ 1,508	$ 273	$ 19
Investments (Note 1I, 3)					
U.S. Treasury Securities	20,352	41,203	-	2,796	-
U.S. Agency Securities	282,730	635,478	18,611	1,745	903
Mortgage Backed Securities	66,067	168,075	1,037	3,100	-
Corporate Stocks	3,285,094	6,762,794	107,209	123	930
Corporate Bonds	2,144,496	4,664,501	64,442	4,749	993
Real Estate	454,569	940,122	2,227	-	-
Commercial Paper	97,612	393,041	2,078	-	-
International Stocks	621,178	1,402,292	-	-	-
International Bonds	14,386	26,810	-	-	-
Mutual and Money Market Funds	134,980	424,795	8,405	5,909	1,929
Other	6,854	15,216	-	-	-
Receivables					
Accounts Receivable	-	-	-	-	-
Due from Primary Government	12	-	-	-	-
Employer Contributions Receivable	7,387	18,958	-	-	-
Member Contributions Receivable	8,205	19,363	27	-	-
Interest and Dividends Receivable	71,449	151,649	1,674	146	-
Securities Lending Collateral	-	2,505	-	-	-
Capital Assets, Net of Accumulated Depreciation	1,618	2,117	-	-	-
Capital Assets Not Depreciated	499	691	-	-	-
TOTAL ASSETS	**7,235,531**	**15,709,769**	**207,218**	**18,841**	**4,774**
LIABILITIES					
Warrants Payable	$ 11,227	$ 18,907	$ 443	$ 171	$ -
Accounts Payable	285	533	7	5	-
Salaries Payable	329	459	18	13	-
Due to Other Funds	-	-	-	2	-
Due to Primary Government	14	62	-	-	-
Securities Lending Obligation	-	2,505	-	-	-
Deferred Revenue	217	593	-	-	-
Compensated Absences	763	1,330	96	57	-
TOTAL LIABILITIES	**12,835**	**24,389**	**564**	**248**	**0**
NET ASSETS					
Held in Trust for Pension and Other Employee Benefits	7,222,696	15,685,380	206,654	18,593	4,774
TOTAL NET ASSETS	**$ 7,222,696**	**$ 15,685,380**	**$ 206,654**	**$ 18,593**	**$ 4,774**

State Port Authority Railway Plan	Clerks and Registers Supernumerary	Flexible Employees' Benefits	Employee Savings Plans	Totals
$ -	$ 33	$ 86	$ 2,514	$ 62,635
-	-	-	4,500	68,851
89	1,400	-	189,432	1,130,388
-	-	-	5,045	243,324
92	-	-	61,457	10,217,699
97	2,611	-	456,236	7,338,125
-	-	-	-	1,396,918
-	676	-	70,227	563,634
-	-	-	-	2,023,470
-	-	-	-	41,196
190	1,839	-	11,018	589,065
-	-	-	-	22,070
-	-	151	-	151
-	-	-	-	12
-	-	-	-	26,345
-	-	-	-	27,595
-	-	-	12,860	237,778
-	-	-	-	2,505
-	-	-	-	3,735
-	-	-	-	1,190
468	**6,559**	**237**	**813,289**	**23,996,686**
$ -	$ 14	$ 34	$ 738	$ 31,534
-	-	199	-	1,029
-	-	-	-	819
-	-	-	-	2
-	-	-	-	76
-	-	-	-	2,505
-	-	-	-	810
-	-	-	-	2,246
0	**14**	**233**	**738**	**39,021**
468	6,545	4	812,551	23,957,665
$ 468	**$ 6,545**	**$ 4**	**$ 812,551**	**$ 23,957,665**

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
Pension (and Other Employee Benefit) Trust Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefit	State Port Authority Hourly Plan
ADDITIONS					
Contributions:					
Employee	$ 159,764	$ 249,996	$ 2,342	$ 834	$ -
Employer	154,218	235,786	8,637	-	206
Total Contributions	313,982	485,782	10,979	834	206
Investment Earnings					
Investment Interest and Dividends	271,698	592,645	7,969	734	174
Net Increase (Decrease) in Fair Value of Investments	668,539	1,412,887	12,905	1,076	306
Securities Lending Income	3,461	14,215	61	-	-
Total Investment Earnings	943,698	2,019,747	20,935	1,810	480
Less:					
Investment Expense	(2,380)	(4,432)	(28)	(48)	-
Securities Lending Interest and Fees	(2,397)	(10,884)	(53)	-	-
Net Investment Income	938,921	2,004,431	20,854	1,762	480
Other Additions					
Licenses and Fees	-	-	-	2,438	-
Miscellaneous	2,532	2,061	16	1	(1)
Transfers In	-	-	-	-	-
Total Other Additions	2,532	2,061	16	2,439	(1)
Total Additions	**1,255,435**	**2,492,274**	**31,849**	**5,035**	**685**
DEDUCTIONS					
Benefit Payments	448,889	964,789	18,047	3,792	-
Return of Contributions	-	-	-	70	-
Administrative Expense	8,259	9,829	442	284	-
Transfers Out	-	-	-	1	-
Total Deductions	**457,148**	**974,618**	**18,489**	**4,147**	**0**
Changes in Net Assets	**798,287**	**1,517,656**	**13,360**	**888**	**685**
Net Assets Held in Trust for Pension and Other Employee Benefits, October 1, 2002, as Restated	6,424,409	14,167,724	193,294	17,705	4,089
Net Assets Held in Trust for Pension and Other Employee Benefits, September 30, 2003	**$ 7,222,696**	**$ 15,685,380**	**$ 206,654**	**$ 18,593**	**$ 4,774**

State Port Authority Railway Plan	Clerks and Registers Supernumerary	Flexible Employees' Benefits	Employee Savings Plans	Totals
$ -	$ 296	$ 1,097	$ 46,037	$ 460,366
20	-	-	-	398,867
20	296	1,097	46,037	859,233
17	349	-	43,025	916,611
19	(185)	-	10,455	2,106,002
-	-	-	1	17,738
36	164	0	53,481	3,040,351
-	-	-	-	(6,888)
-	-	-	-	(13,334)
36	164	0	53,481	3,020,129
-	-	-	-	2,438
-	(1)	-	1,002	5,610
-	-	425	-	425
0	(1)	425	1,002	8,473
56	**459**	**1,522**	**100,520**	**3,887,835**
-	148	1,127	36,411	1,473,203
-	-	-	-	70
-	-	445	-	19,259
-	-	-	-	1
0	**148**	**1,572**	**36,411**	**1,492,533**
56	**311**	**(50)**	**64,109**	**2,395,302**
412	6,234	54	748,442	21,562,363
$ 468	**$ 6,545**	**$ 4**	**$ 812,551**	**$ 23,957,665**

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Private-Purpose Trust

Private-Purpose Trust report trust arrangements where the principal and income benefit individuals, private organizations or other governments.

Prepaid Affordable College Tuition

Accounts for the operation of a prepaid college tuition plan for the benefit of the citizens of Alabama.

Local Education Endowments

Accounts for the proceeds of several endowments donated by private citizens for the benefit of specific local school systems.

Foundation for Local Schools

Receives and invests monies donated by the private sector for the benefit of specific local public schools.

Alabama College Education Savings Plan

Accounts for the operation of an individual college tuition savings plan

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
Private-Purpose Trust Funds

September 30, 2003

(Amounts in Thousands)

	Prepaid Affordable College Tuition	Local Education Endowments	Foundation For Local Schools	Alabama College Education Savings Plan	Totals
ASSETS					
Cash and Cash Equivalents	$ 23,500	$ 7	$ -	$ 770	$ 24,277
Investments					
Time Deposits	-	132	-	-	132
U.S. Treasury Securities	15,703	-	-	-	15,703
U.S. Agency Securities	23,851	-	152	-	24,003
State and Local Government Securities	1,076	-	-	-	1,076
Mortgage Backed Securities	38,039	-	-	-	38,039
Corporate Stocks	393,170	3,282	-	-	396,452
Corporate Bonds	72,984	1,695	-	-	74,679
Real Estate	-	840	-	-	840
Mutual and Money Market Funds	-	787	389	107,231	108,407
Receivables					
Accounts Receivable	101	-	-	367	468
Due from Other Funds	87	-	-	-	87
Interest and Dividends Receivable	2,148	40	-	-	2,188
Capital Assets, Net of Accumulated Depreciation	1	-	-	-	1
TOTAL ASSETS	**570,660**	**6,783**	**541**	**108,368**	**686,352**
LIABILITIES					
Warrants Payable	264	-	-	-	264
Accounts Payable	1,211	-	-	652	1,863
Salaries Payable	18	-	-	1	19
Due to Other Funds	90	-	-	-	90
Compensated Absences	53	-	-	-	53
TOTAL LIABILITIES	**1,636**	**0**	**0**	**653**	**2,289**
NET ASSETS					
Held in Trust for Beneficiaries	569,024	6,783	541	107,715	684,063
TOTAL NET ASSETS	**$ 569,024**	**$ 6,783**	**$ 541**	**$ 107,715**	**$ 684,063**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Private-Purpose Trust Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Prepaid Affordable College Tuition	Local Education Endowments	Foundation For Local Schools	Alabama College Education Savings Plan	Totals
ADDITIONS					
Contributions:					
Participants	$ 39,924	$ -	$ -	$ 104,217	$ 144,141
Total Contributions	39,924	0	0	104,217	144,141
Investment Earnings					
Investment Interest and Dividends	14,873	215	12	1,240	16,340
Net Increase (Decrease) in Fair Value of Investments	66,154	374	5	6,696	73,229
Total Investment Earnings	81,027	589	17	7,936	89,569
Other Additions					
Miscellaneous	1,112	7	64	-	1,183
Total Other Additions	1,112	7	64	0	1,183
Total Additions	**122,063**	**596**	**81**	**112,153**	**234,893**
DEDUCTIONS					
Benefit Payments	31,238	-	-	13,971	45,209
Administrative Expense	3,220	-	-	407	3,627
Transfers Out	-	241	-	-	241
Total Deductions	**34,458**	**241**	**0**	**14,378**	**49,077**
Changes in Net Assets	**87,605**	**355**	**81**	**97,775**	**185,816**
Net Assets Held in Trust for Beneficiaries, October 1, 2002, as Restated	481,419	6,428	460	9,940	498,247
Net Assets Held in Trust for Beneficiaries, September 30, 2003	**$ 569,024**	**$ 6,783**	**$ 541**	**$ 107,715**	**$ 684,063**

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Agency Funds

Agency Funds report assets held by the State in a purely custodial capacity (assets equal liabilities). Agency funds typically involve the receipt, temporary investment, and remittance of resources to individuals, organizations or other governments.

State Clearing Accounts

Accounts for the collection and distribution of State taxes and licenses as well as amounts collected and held by courts for individuals.

Taxes Collected For Local Governments

Accounts for local taxes which are collected by the State as a service for local governments. These taxes do not represent future revenues of the State.

Payroll

Accounts for amounts withheld from employees that are not yet distributed to outside organizations or governments.

Other Agency Funds

Are aggregated for financial reporting purposes and represent amounts held for child support payments, cash bonds, and numerous other amounts held for individuals and organizations outside of State government.

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
Agency Funds

September 30, 2003

(Amounts in Thousands)

	State Clearing Accounts	Taxes Collected For Local Governments	Payroll	Other Agency Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 159,685	$ 15,480	$ 3,081	$ 14,374	$ 192,620
Investments	-	-	-	43,964	43,964
Accounts Receivable	4	-	-	-	4
Due from Other Funds	264	-	5	-	269
TOTAL ASSETS	**$ 159,953**	**$ 15,480**	**$ 3,086**	**$ 58,338**	**$ 236,857**
LIABILITIES					
Warrants Payable	$ 7,817	$ 248	$ 2,682	$ 5,098	$ 15,845
Accounts Payable	177	65	104	30	376
Due to Component Units	-	-	2	-	2
Due to Other Governments	452	13,903	-	73	14,428
Amounts Held in Custody for Others	151,507	1,264	298	53,137	206,206
TOTAL LIABILITIES	**$ 159,953**	**$ 15,480**	**$ 3,086**	**$ 58,338**	**$ 236,857**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
Agency Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Balance October 1, 2002	Additions	Reductions	Balance September 30, 2003
STATE TAXES				
ASSETS				
Cash and Cash Equivalents	207,786	10,715,672	10,763,773	159,685
Accounts Receivable	8	46	50	4
Due from Other Funds	139	4,940	4,815	264
Taxes Receivable	-	608,847	608,847	-
Accumulated Depreciation - Equipment	-	169	169	-
TOTAL ASSETS	**$ 207,933**	**$ 11,329,674**	**$ 11,377,654**	**$ 159,953**
LIABILITIES				
Warrants Payable	14,431	614,566	621,180	7,817
Accounts Payable	53	80,690	80,566	177
Due to Other Funds	-	5,452	5,452	-
Due to Other Governments	235	11,097	10,880	452
Amounts Held Pending Distribution	-	13,215,754	13,215,754	-
Deferred Revenue	-	2,132	2,132	-
Amounts Held in Custody for Others	193,214	25,917	67,624	151,507
TOTAL LIABILITIES	**$ 207,933**	**$ 13,955,608**	**$ 14,003,588**	**$ 159,953**
TAXES COLLECTED FOR LOCAL GOVTS				
ASSETS				
Cash and Cash Equivalents	17,657	198,672	200,849	15,480
Due from Other Funds	-	1,241	1,241	-
TOTAL ASSETS	**$ 17,657**	**$ 199,913**	**$ 202,090**	**$ 15,480**
LIABILITIES				
Warrants Payable	6,409	189,986	196,147	248
Accounts Payable	-	173,143	173,078	65
Due to Other Funds	-	11	11	-
Due to Other Governments	10,008	216,067	212,172	13,903
Amounts Held Pending Distribution	-	239	239	-
Deferred Revenue	-	1,238	1,238	-
Amounts Held in Custody for Others	1,240	1,264	1,240	1,264
TOTAL LIABILITIES	**$ 17,657**	**$ 581,948**	**$ 584,125**	**$ 15,480**
PAYROLL				
ASSETS				
Cash and Cash Equivalents	6,987	1,772,416	1,776,322	3,081
Due from Other Funds	8	57	60	5
TOTAL ASSETS	**$ 6,995**	**$ 1,772,473**	**$ 1,776,382**	**$ 3,086**
LIABILITIES				
Warrants Payable	3,065	1,370,070	1,370,453	2,682
Accounts Payable	-	472,995	472,891	104
Due to Other Funds	-	127	127	-
Due to Component Units	-	2	-	2
Amounts Held Pending Distribution	-	352,644	352,644	-
Amounts Held in Custody for Others	3,930	522,836	526,468	298
TOTAL LIABILITIES	**$ 6,995**	**$ 2,718,674**	**$ 2,722,583**	**$ 3,086**

	Balance October 1, 2002	Additions	Reductions	Balance September 30, 2003
OTHER AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	13,278	463,111	462,015	14,374
Investments	42,991	4,920	3,947	43,964
TOTAL ASSETS	**$ 56,269**	**$ 468,031**	**$ 465,962**	**$ 58,338**
LIABILITIES				
Warrants Payable	5,095	257,167	257,164	5,098
Accounts Payable	399	12,517	12,886	30
Due to Other Governments	105	569	601	73
Amounts Held Pending Distribution	-	265,270	265,270	-
Amounts Held in Custody for Others	50,670	171,632	169,165	53,137
TOTAL LIABILITIES	**$ 56,269**	**$ 707,155**	**$ 705,086**	**$ 58,338**
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	245,708	13,149,871	13,202,959	192,620
Investments	42,991	4,920	3,947	43,964
Accounts Receivable	8	46	50	4
Due from Other Funds	147	6,238	6,116	269
Taxes Receivable	-	608,847	608,847	-
Accumulated Depreciation - Equipment	-	169	169	-
TOTAL ASSETS	**$ 288,854**	**$ 13,770,091**	**$ 13,822,088**	**$ 236,857**
LIABILITIES				
Warrants Payable	29,000	2,431,789	2,444,944	15,845
Accounts Payable	452	739,345	739,421	376
Due to Other Funds	-	5,590	5,590	-
Due to Component Units	-	2	-	2
Due to Other Governments	10,348	227,733	223,653	14,428
Amounts Held Pending Distribution	-	13,833,907	13,833,907	-
Deferred Revenue	-	3,370	3,370	-
Amounts Held in Custody for Others	249,054	721,649	764,497	206,206
TOTAL LIABILITIES	**$ 288,854**	**$ 17,963,385**	**$ 18,015,382**	**$ 236,857**

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Nonmajor Component Units

Higher Education Loan Corporation

Provides Alabama lending institutions with a secondary market for student loans made under the Higher Education Act, which established the Federal Guaranteed Student Loan Program.

Drinking Water Finance Authority

Issues revolving loan bonds and lends the bond proceeds to local governments at below market rates for the construction of drinking water treatment and distribution facilities.

Alabama Agricultural and Mechanical University

Reports the operations and balances of the University.

Alabama State University

Reports the operations and balances of the University.

Jacksonville State University

Reports the operations and balances of the University.

University of North Alabama

Reports the operations and balances of the University.

Troy State University

Reports the operations and balances of the University.

Space Science Exhibit Commission

Operates the U.S. Space and Rocket Center and the U.S. Space Camp.

Historical Commission

Preserves and maintains buildings, objects, and sites of historical significance.

Incentives Finance Authority

Issues bonded debt for the purpose of making incentive grants to major industries locating or expanding within the State.

Twenty-first Century Authority

Finances economic development and industrial recruitment incentives primarily with debt secured by tobacco settlement revenues.

Other Nonmajor Component Units

Combined totals of other nonmajor component units, which are reported in more detail later in this report.

COMBINING STATEMENT OF NET ASSETS
Nonmajor Component Units

September 30, 2003

(Amounts in Thousands)

	Higher Education Loan Corporation	Drinking Water Finance Authority	Alabama Agricultural and Mechanical University	Alabama State University	Jacksonville State University
ASSETS					
Cash and Cash Equivalents	$ 15,602	$ 20,234	$ 2,528	$ 10,900	$ 35,273
Investments	31,075	41,506	12,270	38,061	17,063
Accounts Receivable	-	-	18,733	7,232	5,169
Due from Primary Government	-	-	-	-	-
Due from Other Governments	-	112,948	-	1,811	-
Interest and Dividends Receivable	547	929	-	-	-
Mortgages, Notes, and Loans Receivable	19,768	-	-	2,718	2,097
Inventory	-	-	221	876	-
Other Assets	452	2,917	12,438	2,032	2,343
Restricted Assets	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	59	82,391	61,444	39,272
Capital Assets Not Depreciated	-	-	24,950	12,583	8,284
TOTAL ASSETS	**67,444**	**178,593**	**153,531**	**137,657**	**109,501**
LIABILITIES					
Warrants Payable	-	-	-	-	-
Accounts Payable	109	15	625	4,293	3,692
Salaries Payable	-	-	-	-	2,356
Interest Payable	136	665	714	-	-
Due to Primary Government	-	16	-	-	-
Due to Other Governments	-	11,515	-	-	299
Claims Payable	-	-	-	-	-
Deferred Revenue	-	-	21,265	8,378	12,931
Amounts Held in Custody for Others	-	-	137	-	474
Compensated Absences	-	-	1,224	1,622	1,153
Other Liabilities	7,858	427	-	719	-
Notes and Mortgages Payable	-	-	-	-	-
Revenue Bonds Payable	48,435	103,993	61,280	57,850	27,370
Capital Lease Obligations	-	-	5,532	206	-
TOTAL LIABILITIES	**56,538**	**116,631**	**90,777**	**73,068**	**48,275**
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	-	59	20,798	52,620	34,299
Restricted for:					
Permanent Trust - Expendable	-	-	6,895	2,515	5,617
Permanent Trust - Non-expendable	-	-	-	-	1,214
Debt Service	-	-	-	2,387	-
Other Purposes	-	-	-	-	-
Unrestricted	10,906	61,903	35,061	7,067	20,096
TOTAL NET ASSETS	**$ 10,906**	**$ 61,962**	**$ 62,754**	**$ 64,589**	**$ 61,226**

University of North Alabama	Troy State University	Space Science Exhibit Commission	Historical Commission	Incentives Finance Authority	Twenty-first Century Authority	Other Nonmajor Component Units	Totals
$ 26,022	$ 46,244	$ 101	$ 1,276	$ 30,054	$ 105,831	$ 50,157	$ 344,222
6,213	6,020	-	7,867	-	-	16,433	176,508
4,673	27,383	740	-	-	-	10,197	74,127
-	-	-	203	-	-	6	209
-	-	-	-	-	-	21	114,780
-	-	-	-	-	-	-	1,476
1,860	2,248	-	-	-	-	514	29,205
28	1,358	309	77	-	-	6,842	9,711
3,122	3,271	571	-	-	-	2,688	29,834
-	-	2,587	-	-	-	1,822	4,409
34,776	71,282	27,938	492	-	-	69,552	387,206
6,825	19,729	7,313	70,576	-	-	10,023	160,283
83,519	**177,535**	**39,559**	**80,491**	**30,054**	**105,831**	**168,255**	**1,331,970**
-	-	-	195	2,000	461	19	2,675
695	2,623	839	140	-	-	7,151	20,182
660	-	-	275	-	-	97	3,388
309	-	138	-	3,254	3,097	276	8,589
-	-	-	38	-	-	62	116
-	-	-	2	-	-	633	12,449
-	-	570	-	-	-	2,281	2,851
8,782	18,009	1,449	-	-	-	8,865	79,679
457	6,286	-	-	-	-	1,023	8,377
635	1,048	-	534	-	-	2,826	9,042
-	2,387	-	-	-	-	117	11,508
747	161	3,935	-	-	-	3,807	8,650
13,411	46,965	15,991	-	164,179	152,542	53,701	745,717
542	60	109	-	-	-	1,248	7,697
26,238	**77,539**	**23,031**	**1,184**	**169,433**	**156,100**	**82,106**	**920,920**
28,863	41,906	19,380	71,068	-	-	64,127	333,120
2,662	3,041	-	-	-	-	5,227	25,957
2,071	1,500	-	9,980	-	-	2,417	17,182
2,152	-	-	-	-	-	-	4,539
-	-	2,915	-	-	-	-	2,915
21,533	53,549	(5,767)	(1,741)	(139,379)	(50,269)	14,378	27,337
$ 57,281	**$ 99,996**	**$ 16,528**	**$ 79,307**	**$ (139,379)**	**$ (50,269)**	**$ 86,149**	**$ 411,050**

COMBINING STATEMENT OF ACTIVITIES
Nonmajor Component Units

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Higher Education Loan Corporation	Drinking Water Finance Authority	Alabama Agricultural and Mechanical University	Alabama State University	Jacksonville State University
Expenses	**$ 2,939**	**$ 5,545**	**$ 106,279**	**$ 96,407**	**$ 78,121**
Program Revenues					
Charges for Services	878	4,428	33,055	35,805	31,391
Operating Grants and Contributions	-	6,134	36,709	29,693	16,974
Capital Grants and Contributions	-	-	-	95	-
Total Program Revenues	**878**	**10,562**	**69,764**	**65,593**	**48,365**
Net (Expense) Revenue	**(2,061)**	**5,017**	**(36,515)**	**(30,814)**	**(29,756)**
General Revenues:					
Taxes:					
Utility Taxes	-	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-	-
Investment Earnings	1,450	2,327	874	3,676	919
Miscellaneous	-	622	1,704	17	-
Contributions to Permanent Funds	-	-	-	-	-
Payments from State of Alabama	-	-	33,631	30,439	29,159
Total General Revenues, Special Items, and Transfers	**1,450**	**2,949**	**36,209**	**34,132**	**30,078**
Change in Net Assets	**(611)**	**7,966**	**(306)**	**3,318**	**322**
Net Assets, October 1, 2002, as Restated	11,517	53,996	63,060	61,271	60,904
Net Assets, September 30, 2003	**$ 10,906**	**$ 61,962**	**$ 62,754**	**$ 64,589**	**$ 61,226**

University of North Alabama	Troy State University	Space Science Exhibit Commission	Historical Commission	Incentives Finance Authority	Twenty-first Century Authority	Other Nonmajor Component Units	Totals
$ 50,430	**$ 134,720**	**$ 23,083**	**$ 7,377**	**$ 18,565**	**$ 150,855**	**$ 154,831**	**$ 829,152**
21,519	87,754	22,031	851	-	118,558	51,949	408,219
7,378	24,749	-	700	-	-	43,924	166,261
912	133	339	-	67	-	1,410	2,956
29,809	**112,636**	**22,370**	**1,551**	**67**	**118,558**	**97,283**	**577,436**
(20,621)	**(22,084)**	**(713)**	**(5,826)**	**(18,498)**	**(32,297)**	**(57,548)**	**(251,716)**
-	-	-	-	-	-	1,218	1,218
-	3,177	-	-	-	-	368	3,545
1,020	992	277	636	239	1,018	956	14,384
21	172	-	1,160	14,868	-	6,295	24,859
6	-	-	-	-	-	-	6
22,092	35,833	339	5,698	9,480	-	58,840	225,511
23,139	**40,174**	**616**	**7,494**	**24,587**	**1,018**	**67,677**	**269,523**
2,518	**18,090**	**(97)**	**1,668**	**6,089**	**(31,279)**	**10,129**	**17,807**
54,763	81,906	16,625	77,639	(145,468)	(18,990)	76,020	393,243
$ 57,281	**$ 99,996**	**$ 16,528**	**$ 79,307**	**$ (139,379)**	**$ (50,269)**	**$ 86,149**	**$ 411,050**

COMBINING STATEMENT OF NET ASSETS
Other Nonmajor Component Units

September 30, 2003

(Amounts in Thousands)

	Supercomputer Authority	U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	University of West Alabama	University of Montevallo
ASSETS					
Cash and Cash Equivalents	$ 755	$ 1,158	$ 286	$ 5,327	$ 18,211
Investments	-	584	-	989	8,769
Accounts Receivable	-	-	-	1,590	2,693
Due from Primary Government	3	-	-	-	-
Due from Other Governments	21	-	-	-	-
Mortgages, Notes, and Loans Receivable	-	-	-	-	514
Inventory	-	246	17	601	-
Other Assets	-	12	-	995	1,496
Restricted Assets	-	-	-	-	1,822
Capital Assets, Net of Accumulated Depreciation	631	12,741	2,114	10,538	18,791
Capital Assets Not Depreciated	174	255	832	493	5,601
TOTAL ASSETS	**1,584**	**14,996**	**3,249**	**20,533**	**57,897**
LIABILITIES					
Warrants Payable	-	-	-	-	-
Accounts Payable	700	52	27	-	2,410
Salaries Payable	-	-	19	-	-
Interest Payable	-	-	-	-	-
Due to Primary Government	1	-	-	-	-
Due to Other Governments	4	3	-	-	626
Claims Payable	-	-	-	-	-
Deferred Revenue	-	-	-	2,744	5,886
Amounts Held in Custody for Others	-	-	-	465	273
Compensated Absences	114	-	-	686	422
Other Liabilities	-	-	-	-	117
Notes and Mortgages Payable	-	1,486	247	-	-
Revenue Bonds Payable	-	-	15	3,645	15,157
Capital Lease Obligations	-	-	-	-	-
TOTAL LIABILITIES	**819**	**1,541**	**308**	**7,540**	**24,891**
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	806	12,996	2,932	7,386	14,203
Restricted for:					
Permanent Trust - Expendable	-	-	-	-	2,541
Permanent Trust - Non-expendable	-	-	-	425	1,987
Unrestricted	(41)	459	9	5,182	14,275
TOTAL NET ASSETS	**$ 765**	**$ 13,455**	**$ 2,941**	**$ 12,993**	**$ 33,006**

Alabama Institute for the Deaf and Blind	Marine Environmental Sciences Consortium	Tennessee Valley Exhibit Commission	State Industrial Development Authority	Revolving Loan Fund Authority	Music Hall of Fame	Miscellaneous Component Units	Totals
$ 11,890	$ 1,311	$ 544	$ 5,286	$ -	$ 26	$ 5,363	$ 50,157
604	-	-	-	-	5	5,482	16,433
5,096	818	-	-	-	-	-	10,197
-	-	-	-	-	-	3	6
-	-	-	-	-	-	-	21
-	-	-	-	-	-	-	514
5,789	147	-	-	-	42	-	6,842
167	-	18	-	-	-	-	2,688
-	-	-	-	-	-	-	1,822
17,259	5,727	-	-	-	1,046	705	69,552
1,848	659	-	-	-	161	-	10,023
42,653	**8,662**	**562**	**5,286**	**0**	**1,280**	**11,553**	**168,255**
-	-	-	18	-	-	1	19
3,895	12	39	3	-	3	10	7,151
-	-	-	-	-	-	78	97
-	-	-	200	76	-	-	276
-	-	-	55	-	-	6	62
-	-	-	-	-	-	-	633
-	-	-	-	-	-	2,281	2,281
235	-	-	-	-	-	-	8,865
213	72	-	-	-	-	-	1,023
1,096	255	-	-	-	27	226	2,826
-	-	-	-	-	-	-	117
1,987	-	-	-	-	87	-	3,807
-	-	2,509	21,180	11,195	-	-	53,701
-	1,248	-	-	-	-	-	1,248
7,426	**1,587**	**2,548**	**21,456**	**11,271**	**117**	**2,602**	**82,106**
18,874	5,138	-	-	-	1,087	705	64,127
750	1,936	-	-	-	-	-	5,227
5	-	-	-	-	-	-	2,417
15,598	1	(1,986)	(16,170)	(11,271)	76	8,246	14,378
$ 35,227	**$ 7,075**	**$ (1,986)**	**$ (16,170)**	**$ (11,271)**	**$ 1,163**	**$ 8,951**	**$ 86,149**

COMBINING STATEMENT OF ACTIVITIES
Other Nonmajor Component Units

For the Fiscal Year Ended September 30, 2003
(Amounts in Thousands)

	Supercomputer Authority	U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	University of West Alabama	University of Montevallo
Expenses	**$ 8,590**	**$ 3,853**	**$ 1,649**	**$ 26,076**	**$ 31,324**
Program Revenues					
Charges for Services	1,814	3,959	1,208	3,203	14,868
Operating Grants and Contributions	65	4,652	294	22,654	4,395
Capital Grants and Contributions	-	50	-	643	355
Total Program Revenues	**1,879**	**8,661**	**1,502**	**26,500**	**19,618**
Net (Expense) Revenue	**(6,711)**	**4,808**	**(147)**	**424**	**(11,706)**
General Revenues:					
Taxes:					
Utility Taxes	-	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-	-
Investment Earnings	-	34	3	18	205
Miscellaneous	-	-	-	177	-
Payments from State of Alabama	4,612	-	200	-	15,157
Total General Revenues, Special Items, and Transfers	**4,612**	**34**	**203**	**195**	**15,362**
Change in Net Assets	**(2,099)**	**4,842**	**56**	**619**	**3,656**
Net Assets, October 1, 2002, as Restated	2,864	8,613	2,885	12,374	29,350
Net Assets, September 30, 2003	**$ 765**	**$ 13,455**	**$ 2,941**	**$ 12,993**	**$ 33,006**

Alabama Institute for the Deaf and Blind	Marine Environmental Sciences Consortium	Tennessee Valley Exhibit Commission	State Industrial Development Authority	Revolving Loan Fund Authority	Music Hall of Fame	Miscellaneous Component Units	Totals
$ 62,440	**$ 6,483**	**$ 398**	**$ 5,957**	**$ 926**	**$ 663**	**$ 6,472**	**$ 154,831**
21,153	1,645	12	133	-	118	3,836	51,949
8,124	2,208	-	-	-	67	1,465	43,924
362	-	-	-	-	-	-	1,410
29,639	**3,853**	**12**	**133**	**0**	**185**	**5,301**	**97,283**
(32,801)	**(2,630)**	**(386)**	**(5,824)**	**(926)**	**(478)**	**(1,171)**	**(57,548)**
-	-	-	-	1,218	-	-	1,218
368	-	-	-	-	-	-	368
187	20	-	1	-	-	488	956
53	-	505	5,559	-	-	1	6,295
35,070	2,876	-	-	-	408	517	58,840
35,678	**2,896**	**505**	**5,560**	**1,218**	**408**	**1,006**	**67,677**
2,877	**266**	**119**	**(264)**	**292**	**(70)**	**(165)**	**10,129**
32,350	6,809	(2,105)	(15,906)	(11,563)	1,233	9,116	76,020
$ 35,227	**$ 7,075**	**$ (1,986)**	**$ (16,170)**	**$ (11,271)**	**$ 1,163**	**$ 8,951**	**$ 86,149**

ALABAMA
TENNESSEE
TENNESSEE RIVER
MISSISSIPPI
GEORGIA
BLACK WARRIOR RIVER
COOSA RIVER
TALLAPOOSA RIVER
CAHABA R.
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Capital Assets Used in Governmental Fund Operations

Capital Assets Used in Governmental Fund Operations accounts for capital assets used in the operation of governmental funds.

STATE OF ALABAMA

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
By Function and Activity, Excluding Internal Service Funds

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Land	Buildings	Equipment	Historical Exhibits	Construction In Progress
Economic Development and Regulation					
Agricultural	$ 422	$ 9,091	$ 1,614	$ -	$ -
Forestry Commission	1,659	9,840	26,291	-	-
Geological	-	1,573	1,878	-	-
Other	-	-	2,723	-	-
Total Economic Development and Regulation	**2,081**	**20,504**	**32,506**	**0**	**0**
Education and Cultural Resources					
Department of Education	-	-	2,955	-	-
Educational Television Commission	330	1,203	21,862	-	-
Public Library Service	138	1,695	7,297	-	-
Sports Hall of Fame	-	-	262	4,509	-
Youth Services	680	2,943	173	-	-
Other	616	65	1,697	-	-
Total Education and Cultural Resources	**1,764**	**5,906**	**34,246**	**4,509**	**0**
Natural Resources and Recreation					
Conservation and Natural Resources	44,398	37,959	29,951	-	9,682
Other	22	-	243	-	-
Total Natural Resources and Recreation	**44,420**	**37,959**	**30,194**	**0**	**9,682**
Health - Physical and Mental					
Environmental Management	-	-	8,965	-	-
Medicaid Agency	-	-	2,507	-	-
Public Health	3,274	39,914	13,800	-	-
Other	-	-	75	-	-
Total Health - Physical and Mental	**3,274**	**39,914**	**25,347**	**0**	**0**
Social Services					
Human Resources	-	33,627	9,302	-	-
Industrial Relations	1,135	7,830	9,968	-	-
Rehabilitation Services	65	644	4,236	-	-
Veterans Affairs	671	26,015	486	-	-
Other	-	-	736	-	-
Total Social Services	**1,871**	**68,116**	**24,728**	**0**	**0**
Protection of Persons and Property					
Agriculture and Industries	-	8,646	5,883	-	-
Corrections	5,611	218,968	15,869	-	3,103
Emergency Management	45	2,855	1,748	-	-
Forensic Sciences	76	10,683	9,952	-	-
Judicial	3,264	39,877	154	-	-
Military	5,247	178,676	421	-	-
Professional and Occupational Boards	310	1,035	2,007	-	34
Public Safety	-	11,515	34,969	-	-
Youth Services	5,399	23,386	1,372	-	-
Other	127	922	5,596	-	-
Total Protection of Persons and Property	**20,079**	**496,563**	**77,971**	**0**	**3,137**
Transportation					
Transportation Department	3,734	88,925	176,764	-	-
Total Transportation	**3,734**	**88,925**	**176,764**	**0**	**0**
General Government					
Executive	50,764	3,465	8,740	-	-
Judicial	-	-	9,934	403	-
Legislative	-	-	2,054	-	-
Total General Government	**50,764**	**3,465**	**20,728**	**403**	**0**
Total Governmental Capital Assets	**$ 127,987**	**$ 761,352**	**$ 422,484**	**$ 4,912**	**$ 12,819**

Construction In Progress - Infrastructure	Infrastructure	Totals
$ -	$ -	$ 11,127
-	-	37,790
-	-	3,451
-	-	2,723
0	**0**	**55,091**
-	-	2,955
-	-	23,395
-	-	9,130
-	-	4,771
-	-	3,796
-	-	2,378
0	**0**	**46,425**
-	-	121,990
-	-	265
0	**0**	**122,255**
-	-	8,965
-	-	2,507
-	-	56,988
-	-	75
0	**0**	**68,535**
-	-	42,929
-	-	18,933
-	-	4,945
-	-	27,172
-	-	736
0	**0**	**94,715**
-	-	14,529
-	-	243,551
-	-	4,648
-	-	20,711
-	-	43,295
-	-	184,344
-	-	3,386
-	-	46,484
-	-	30,157
-	-	6,645
0	**0**	**597,750**
3,569,819	562,354	4,401,596
3,569,819	**562,354**	**4,401,596**
-	-	62,969
-	-	10,337
-	-	2,054
0	**0**	**75,360**
$ 3,569,819	**$ 562,354**	**$ 5,461,727**

ALABAMA
TENNESSEE
TENNESSEE RIVER
MISSISSIPPI
GEORGIA
BLACK WARRIOR RIVER
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CAHABA R.
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Supplemental Statements and Schedules

Supplemental Statements and Schedules This section presents schedules and statements which bring together information spread throughout the statements, presents information in greater detail, or presents information that demonstrates legal compliance.

STATE OF ALABAMA

SCHEDULE OF FEDERAL REVENUES BY AGENCY
All Funds and Component Units Except Higher Education

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

Agency	Amount
Administrative Office of Courts	$ 325
Agriculture and Industries	7,883
Attorney General	1,287
Child Abuse and Neglect Prevention	709
Children's Affairs	1,189
Commission On Higher Education	1,751
Conservation and Natural Resources	13,514
Corrections	422
Council on the Arts	636
Crime Victims Compensation Commission	1,465
Criminal Justice Information Center	243
Drinking Water Finance Authority	6,134
Economic and Community Affairs	181,746
Education	648,784
Emergency Management	53,009
Environmental Management	16,930
Farmers' Market Authority	816
Finance Special Funds	78,011
Forensic Sciences	652
Forestry Commission	3,805
Forever Wild Land Trust	1,000
Geological Survey	545
Governor's Office on Disability	61
Historical Commission	685
Human Resources	831,533
Industrial Relations	144,891
Labor	131
Manufactured Housing Commission	121
Medicaid	2,622,907
Mental Health and Retardation	40,789
Military	22,253
Office of National and Community Service	2,000
Oil and Gas Board	25
Postsecondary Education	8,038
Public Health	248,750
Public Library Service	2,385
Public Safety	7,688
Public Service Commission	643
Rehabilitation Services	63,165
Secretary of State	5,041
Senior Services	23,074
Soil and Water Conservation Commission	245
State Port Authority	4,915
Supercomputer Authority	65
Surface Mining Commission	1,087
Transportation	597,332
Veterans Affairs	8,349
Water Pollution Control Authority	5,761
Youth Services	32
Total Federal Revenues	**$ 5,662,822**

ALABAMA
TENNESSEE
TENNESSEE RIVER
MISSISSIPPI
GEORGIA
BLACK WARRIOR RIVER
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TALLAPOOSA RIVER
CAHABA R.
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

SCHEDULE OF REVENUES BY PRINCIPAL SOURCES
Governmental Funds in State Treasury
Cash Basis, Transfers Excluded

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

TAXES		
General Sales Tax (4% on gross retail sale of merchandise)	1,580,432	11.3%
General Use Tax	183,225	1.3%
Income Tax (2% to 5% personal income, 5% net corporate income)	2,213,916	15.8%
Property Tax Relief (represents portion of Income Tax used to offset property taxes lost in certain funds due to homestead exemptions)	32,254	0.2%
General Property Tax (6 1/2 mills for state on varying rates not over 30%)	201,621	1.4%
Gasoline Taxes (.16 per gallon; .03 aviation; .01 jet)	396,496	2.8%
Utilities Tax (4% of gross receipts)	341,552	2.4%
Insurance Premium Tax (gross premium tax for privilege of operating in state)	228,561	1.6%
Liquor & Wine Tax (totals 46%, collected by ABC stores)	71,200	0.5%
Tobacco & Cigarette Taxes (8.25 mills per cigarette; varying amounts on cigars, smoking tobacco, snuff, etc.)	64,913	0.5%
Corporation Taxes (franchise, $3.00 per $1,000 capital; permit, entrance fees for filing)	94,295	0.7%
State Beer Tax (.05 per 12 oz.)	45,483	0.3%
Public Utilities (2.2%)	88,895	0.6%
Motor Fuel Tax (diesel .12 per gallon)	117,530	0.8%
Tennessee Valley Authority (payments in-lieu of all state taxes)	76,864	0.6%
Leasing / Renting Tangible Personal Property - (4% most items, 1.5% vehicles, 2% garments)	62,806	0.4%
Production Privilege Tax (Oil & Gas Severance at amounts varying 2-8%)	92,370	0.7%
Financial Institutions Excise Tax (6% of net income of banks and other financial institutions)	18,996	0.1%
Documentary Filing Taxes (auto title, deed, mortgage, securities, etc)	71,082	0.5%
Coal Severance Tax (0.335 per ton)	6,336	0.0%
Forestry Severance Tax	5,365	0.0%
Inheritance Tax (amount of federal credit)	31,157	0.2%
Contractors Gross Receipts Tax	28,080	0.2%
Lodgings Tax (4% or 5% of charge)	32,420	0.2%
Hydroelectric Companies (tax on 2/5 mill per kilowatt hour and 2.2% per dollar gross receipts)	1,202	0.0%
Lubricating Oil Tax (.06 per gallon)	2,250	0.0%
Pari-mutuel Betting (1 or 2% on pari-mutuel pools)	3,416	0.0%
Court Cost Taxes	26,256	0.2%
Medicaid Taxes	37,617	0.3%
Cellular Telephones (4%)	69,955	0.5%
Miscellaneous Taxes	7,389	0.1%
TOTAL TAXES	**6,233,934**	**44.6%**

LICENSES AND FEES		
Conservation Licenses (fishing, hunting, boat registration, etc)	18,597	0.1%
Drivers Licenses and Fees	46,293	0.3%
Petroleum Products Inspection Fees	70,228	0.5%
Agricultural Licenses and Fees	6,796	0.0%
Wholesale Oil Company License	2,636	0.0%
Motor Vehicle License ($23.00 on auto; up to $845.00 on trucks and up to $210.00 on buses)	128,991	0.9%
Privilege License (fees for privilege of operating stores, factories, professions, businesses, etc)	54,024	0.4%
Court Fees	48,227	0.3%
Alcoholic Beverage Licenses	2,433	0.0%
Insurance Corporation Licenses and Fees	1,267	0.0%
Miscellaneous License and Fees	83,734	0.6%
TOTAL LICENSES AND FEES	**463,226**	**3.3%**
FINES AND FORFEITS		
Court Fines and Forfeits	23,936	0.2%
Tobacco Settlement	118,558	0.8%
Miscellaneous Fines and Forfeits	38,359	0.3%
TOTAL FINES AND FORFEITS	**180,853**	**1.3%**
INVESTMENT INCOME	**137,099**	**1.0%**
FEDERAL REVENUES	**5,557,760**	**39.8%**
OTHER REVENUES		
Rents and Royalties	302,997	2.2%
Reimbursements	39,964	0.3%
Sales of Property or Services	46,031	0.3%
Contributions	5,167	0.0%
Intragovernmental Services	339,741	2.4%
Local Revenues	21,562	0.2%
Other Revenues	641,496	4.6%
TOTAL OTHER REVENUES	**1,396,958**	**10.0%**
TOTAL REVENUES	**$13,969,830**	**100.0%**

SCHEDULE OF REVENUES BY PRINCIPAL SOURCES AND DISTRIBUTIONS OF REVENUES
Governmental Funds in State Treasury
Cash Basis, Transfers Excluded
For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	Total Revenues	Administrative Expense	Net Revenues	Human Resources Funds	General Fund	Public School Fund	Education Trust Fund	Conservation Funds
TAXES								
General Sales Tax	$ 1,580,432	$ 32,346	$ 1,548,086	$ 24,674	$ 96,767	$ -	$ 1,308,386	$ 7,451
General Use Tax	183,225	2,806	180,419	-	608	-	179,811	-
Income Tax	2,213,916	30,449	2,183,467	-	-	-	2,183,467	-
Property Tax Relief	32,254	-	32,254	4,764	13,199	14,291	-	-
General Property Tax	201,621	1,005	200,616	29,862	76,401	94,353	-	-
Gasoline Taxes	396,496	10,542	385,954	-	-	-	-	3,558
Utilities Tax	341,552	6,271	335,281	-	-	-	320,681	-
Insurance Premium Tax	228,561	-	228,561	-	191,835	-	30,993	-
Liquor & Wine Tax	71,200	-	71,200	25,539	35,452	-	-	-
Tobacco & Cigarette Taxes	64,913	77	64,836	3,742	44,255	-	-	-
Corporation Taxes	94,295	-	94,295	95	93,716	-	-	-
State Beer Tax	45,483	-	45,483	9,097	13,645	-	18,193	-
Public Utilities	88,895	-	88,895	-	13,334	-	-	-
Motor Fuel Tax	117,530	2,149	115,381	-	-	-	-	-
Tennessee Valley Authority	76,864	-	76,864	-	-	-	-	-
Leasing/Renting Personal Property	62,806	-	62,806	-	62,806	-	-	-
Production Privilege Tax	92,370	-	92,370	-	70,764	-	-	-
Financial Institutions Excise Tax	18,996	489	18,507	-	6,637	-	-	-
Documentary Filing Taxes	71,082	-	71,082	-	71,082	-	-	-
Coal Severance Tax	6,336	-	6,336	-	-	-	-	-
Forestry Severance Tax	5,365	180	5,185	-	-	-	-	-
Inheritance Tax	31,157	-	31,157	-	31,157	-	-	-
Contractors Gross Receipts Tax	28,080	64	28,016	4,185	-	-	-	-
Lodgings Tax	32,420	21	32,399	-	23,417	-	-	-
Hydroelectric Companies	1,202	5	1,197	-	-	-	503	-
Lubricating Oil Tax	2,250	7	2,243	-	776	-	-	-
Pari-mutuel Betting	3,416	-	3,416	-	3,416	-	-	-
Court Cost Taxes	26,256	-	26,256	-	8,178	-	-	-
Medicaid Provider Taxes	37,617	100	37,517	-	-	-	-	-
Cellular Telephone Tax	69,955	-	69,955	-	43,768	-	24,969	-
Miscellaneous Taxes	7,389	-	7,389	1	2,748	2	-	-
TOTAL TAXES	**6,233,934**	**86,511**	**6,147,423**	**101,959**	**903,961**	**108,646**	**4,067,003**	**11,009**
LICENSES AND FEES								
Conservation Licenses	18,597	-	18,597	-	-	-	-	18,580
Drivers Licenses and Fees	46,293	-	46,293	-	31,314	-	-	-
Petroleum Products Inspection Fees	70,228	-	70,228	-	-	-	-	-
Agricultural License and Fees	6,796	-	6,796	-	-	-	-	-
Wholesale Oil Company License	2,636	-	2,636	-	2,636	-	-	-
Motor Vehicle License	128,991	98	128,893	-	37,659	-	-	-
Privilege License	54,024	989	53,035	-	8,375	-	504	-
Court Fees	48,227	-	48,227	-	33,298	-	-	-
Alcoholic Beverage Licenses	2,433	-	2,433	-	2,433	-	-	-
Insurance Corp Licenses and Fees	1,267	-	1,267	-	614	-	-	-
Miscellaneous License and Fees	83,734	118	83,616	298	4,233	-	-	2
TOTAL LICENSES AND FEES	**463,226**	**1,205**	**462,021**	**298**	**120,562**	**0**	**504**	**18,582**
FINES AND FORFEITS								
Court Fines and Forfeits	23,936	-	23,936	-	17,279	-	-	-
Tobacco Settlement	118,558	-	118,558	-	-	-	-	-
Miscellaneous Fines and Forfeits	38,359	6	38,353	-	28,610	3	-	792
TOTAL FINES AND FORFEITS	**180,853**	**6**	**180,847**	**0**	**45,889**	**3**	**0**	**792**
INVESTMENT INCOME	**137,099**	**-**	**137,099**	**53**	**20,503**	**-**	**-**	**267**
FEDERAL REVENUES	**5,557,760**	**-**	**5,557,760**	**833,829**	**75,612**	**-**	**-**	**13,456**
Other Revenues	1,396,958	2,837	1,394,121	122,803	5,646	389	168	30,263
TOTAL REVENUES	**$ 13,969,830**	**$ 90,559**	**$ 13,879,271**	**$ 1,058,942**	**$ 1,172,173**	**$ 109,038**	**$ 4,067,675**	**$ 74,369**

Distributed To Local Governments	Debt Service Funds	Medicaid	Transportation Department	Health General & Mental	Education Department	Economic & Community Affairs	Other	Distribution of Other Amounts
$ 3,514	$ 107,294	$ -	$ -	$ -	$ -	$ -	$ -	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
171,826	-	-	209,512	-	-	-	1,058	Airport Develop Fund
-	-	-	-	14,600	-	-	-	
-	-	-	-	4,525	-	-	1,208	Insurance Dept
-	148	-	-	10,061	-	-	-	
-	13,097	-	-	-	-	-	3,742	State Parks
39	-	-	-	-	-	-	445	Secretary of State
4,548	-	-	-	-	-	-	-	
-	-	-	-	75,561	-	-	-	
-	-	-	115,381	-	-	-	-	
61,491	15,373	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
21,606	-	-	-	-	-	-	-	
11,870	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
3,775	-	-	-	-	-	-	2,561	State Port Authority
-	-	-	-	-	-	-	5,185	Forestry
-	-	-	-	-	-	-	-	
-	-	-	-	23,831	-	-	-	
1,176	-	-	-	-	-	-	7,806	Tourism & Travel
-	-	-	-	694	-	-	-	
807	-	-	660	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	2,259	-	15,819	Fair Trial Fd 13.8M
-	-	37,517	-	-	-	-	-	
-	1,218	-	-	-	-	-	-	
43	-	-	69	-	-	-	4,526	Industrial Relations 4.4M
280,695	**137,130**	**37,517**	**325,622**	**129,272**	**2,259**	**0**	**42,350**	
-	-	-	-	-	-	-	17	
-	-	-	-	-	-	-	14,979	Public Safety
11,711	-	-	56,417	-	-	-	2,100	Agriculture
-	-	-	-	-	-	-	6,796	Agriculture
-	-	-	-	-	-	-	-	
16,435	-	-	73,606	-	-	-	1,193	ADEM 0.8M
-	-	-	2,975	2,451	1,314	-	37,416	Prof & Occup Bds 20.1 M
-	-	-	-	128	-	-	14,801	AOC 6.2M
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	653	Insurance Dept
-	-	-	1,504	14,706	-	-	62,873	ADEM 26.2M; PSC 12.9M
28,146	**0**	**0**	**134,502**	**17,285**	**1,314**	**0**	**140,828**	
-	-	-	-	-	-	1,287	5,370	
-	-	-	-	-	-	-	118,558	21st Century Fund
5	-	736	-	-	-	-	8,207	Surface Mining 4.5M
5	**0**	**736**	**0**	**0**	**0**	**1,287**	**132,135**	
-	**1,033**	**57**	**1,226**	**29**	**-**	**164**	**113,767**	Ala Trust 102M
2,399	**-**	**2,631,883**	**589,422**	**291,629**	**630,196**	**176,006**	**313,328**	Rehab 63.2; EMA 53; DIR 54.2M
-	3,973	641,747	29,928	165,162	9,154	588	384,300	
$ 311,245	**$ 142,136**	**$ 3,311,940**	**$ 1,080,700**	**$ 603,377**	**$ 642,923**	**$ 178,045**	**$ 1,126,708**	

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
EXPENDITURES:			
Administrative Office of Courts			
Administrative Services	4,500	4,500	-
Alabama Sentencing Commission	191	191	-
Court Equipment/Security	889	889	-
Court Operations	115,326	115,326	-
DUI Court Referral	64	64	-
Judicial Building Operations	3,846	3,846	-
Juvenile Probation Officer Services	3,534	3,534	-
TOTAL Administrative Office of Courts	**128,350**	**128,350**	**-**
Agriculture and Industries			
Administrative Services	3,798	3,183	615
Agricultural Development Services	1,474	949	525
Agricultural Inspection Services	5,331	5,331	-
Lab Analysis and Disease Control	3,347	3,347	-
TOTAL Agriculture and Industries	**13,950**	**12,810**	**1,140**
Attorney General			
Fair Marketing Practices: Consumer Protection	754	754	-
Legal Advice and Legal Service: Attorney General - Operations	8,881	8,881	-
Legal Advice and Legal Service: Consumer Utility Fund	260	260	-
TOTAL Attorney General	**9,895**	**9,895**	**-**
Auditor			
Fiscal Management	956	935	21
TOTAL Auditor	**956**	**935**	**21**
Commission on Higher Education			
Alabama Guaranteed Student Loan	-	-	-
Planning and Coordination Services	-	-	-
Student Financial Aid	-	-	-
Support - Other Educational Activities	-	-	-
Support of State Universities	-	-	-
TOTAL Commission on Higher Education	**-**	**-**	**-**
Corrections			
Administration Service and Logistical Supply	11,826	11,826	-
Capital Outlay	900	186	714
Correctional Industries	-	-	-
Institutional Service Corrections	221,257	221,237	20
TOTAL Corrections	**233,983**	**233,249**	**734**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
-	-	-	3,300	2,396	904	7,800	6,896	904
-	-	-	-	-	-	191	191	-
-	-	-	-	-	-	889	889	-
-	-	-	12,789	10,383	2,406	128,115	125,709	2,406
-	-	-	-	-	-	64	64	-
-	-	-	-	-	-	3,846	3,846	-
-	-	-	15,786	10,830	4,956	19,320	14,364	4,956
-	**-**	**-**	**31,875**	**23,609**	**8,266**	**160,225**	**151,959**	**8,266**
-	-	-	2,523	2,263	260	6,321	5,446	875
-	-	-	1,424	1,282	142	2,898	2,231	667
-	-	-	9,289	7,915	1,374	14,620	13,246	1,374
-	-	-	7,955	6,822	1,133	11,302	10,169	1,133
-	**-**	**-**	**21,191**	**18,282**	**2,909**	**35,141**	**31,092**	**4,049**
-	-	-	-	-	-	754	754	-
-	-	-	5,516	3,724	1,792	14,397	12,605	1,792
-	-	-	-	-	-	260	260	-
-	**-**	**-**	**5,516**	**3,724**	**1,792**	**15,411**	**13,619**	**1,792**
-	-	-	-	-	-	956	935	21
-	**-**	**-**	**-**	**-**	**-**	**956**	**935**	**21**
-	-	-	1,320	471	849	1,320	471	849
2,519	2,307	212	-	-	-	2,519	2,307	212
7,186	6,894	292	1,356	1,001	355	8,542	7,895	647
2,644	2,625	19	1,808	1,306	502	4,452	3,931	521
1,625	1,625	-	-	-	-	1,625	1,625	-
13,974	**13,451**	**523**	**4,484**	**2,778**	**1,706**	**18,458**	**16,229**	**2,229**
-	-	-	-	-	-	11,826	11,826	-
-	-	-	1,049	100	949	1,949	286	1,663
-	-	-	23,319	14,412	8,907	23,319	14,412	8,907
-	-	-	32,338	29,533	2,805	253,595	250,770	2,825
-	**-**	**-**	**56,706**	**44,045**	**12,661**	**290,689**	**277,294**	**13,395**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Economic and Community Affairs			
Administrative Support Service	152	145	7
Capital Outlay	891	-	891
Energy Management	611	603	8
Law Enforcement Planning and Development	421	419	2
PALS/Adopt-A-Mile	135	135	-
Planning	16,071	11,778	4,293
Skills Enhancement/Employment Opportunities	2,708	2,607	101
Surplus Property	555	530	25
Water Resources	1,801	1,778	23
TOTAL Economic and Community Affairs	**23,345**	**17,995**	**5,350**
Education			
Administrative Services	-	-	-
Alabama Science in Motion	-	-	-
At-Risk Program	-	-	-
Board of Adjustment	-	-	-
Disability Determination for Social Security	-	-	-
Education Specialist for Literacy	-	-	-
Endowment Interest Program-PSF	-	-	-
Financial Assistance	-	-	-
Foundation Program	-	-	-
Non-State Special Education Schools	-	-	-
Salary Matrix Adjustment	-	-	-
School Nurses Program	-	-	-
Support - Other Educational Activities	-	-	-
Transportation Program	-	-	-
TOTAL Education	**-**	**-**	**-**
Emergency Management Agency			
Readiness and Recovery	1,374	1,303	71
Readiness and Recovery-FEMA	9,363	9,294	69
TOTAL Emergency Management Agency	**10,737**	**10,597**	**140**
Examiners of Public Accounts			
Legislative Support - Audit Service	12,338	12,338	-
TOTAL Examiners of Public Accounts	**12,338**	**12,338**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
-	-	-	7,825	6,968	857	7,977	7,113	864
-	-	-	-	-	-	891	-	891
-	-	-	2,380	1,698	682	2,991	2,301	690
-	-	-	42,273	36,852	5,421	42,694	37,271	5,423
-	-	-	-	-	-	135	135	-
-	-	-	107,775	71,934	35,841	123,846	83,712	40,134
-	-	-	72,947	69,457	3,490	75,655	72,064	3,591
-	-	-	1,038	815	223	1,593	1,345	248
-	-	-	387	310	77	2,188	2,088	100
-	**-**	**-**	**234,625**	**188,034**	**46,591**	**257,970**	**206,029**	**51,941**
49,090	43,270	5,820	184,237	46,254	137,983	233,327	89,524	143,803
-	-	-	2,656	2,358	298	2,656	2,358	298
30,428	30,423	5	-	-	-	30,428	30,423	5
563	563	-	-	-	-	563	563	-
-	-	-	62,853	35,165	27,688	62,853	35,165	27,688
421	256	165	-	-	-	421	256	165
-	-	-	533	-	533	533	-	533
17,795	17,600	195	720,656	591,175	129,481	738,451	608,775	129,676
2,541,288	2,541,288	-	105,000	105,000	-	2,646,288	2,646,288	-
650	650	-	-	-	-	650	650	-
17,686	17,686	-	-	-	-	17,686	17,686	-
5,657	5,657	-	-	-	-	5,657	5,657	-
2,795	2,678	117	-	-	-	2,795	2,678	117
194,389	194,389	-	-	-	-	194,389	194,389	-
2,860,762	**2,854,460**	**6,302**	**1,075,935**	**779,952**	**295,983**	**3,936,697**	**3,634,412**	**302,285**
-	-	-	40,252	35,704	4,548	41,626	37,007	4,619
-	-	-	45,630	18,559	27,071	54,993	27,853	27,140
-	**-**	**-**	**85,882**	**54,263**	**31,619**	**96,619**	**64,860**	**31,759**
2,830	2,830	-	3,158	1,336	1,822	18,326	16,504	1,822
2,830	**2,830**	**-**	**3,158**	**1,336**	**1,822**	**18,326**	**16,504**	**1,822**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Finance			
Administrative Support Service	-	-	-
Administrative Support Service: Alabama Building Renovation Finance Authority	-	-	-
Administrative Support Service: Capital Complex M and R	-	-	-
Administrative Support Service: Capitol Police	1,434	1,423	11
Administrative Support Service: Legal Division	393	391	2
Administrative Support Service: Personnel/Space Management	199	195	4
Administrative Support Service: Purchasing	1,195	1,192	3
Administrative Support Service: Service Division	572	563	9
Fiscal Management	-	-	-
Fiscal Management: Budget Office	1,065	1,042	23
Fiscal Management: Comptroller's Office	3,632	3,591	41
TOTAL Finance	**8,490**	**8,397**	**93**
Governor			
Criminal Investigation: Law Enforcement Fund	132	38	94
Executive Direction: Governor's Contingency Fund	601	547	54
Executive Direction: Governor's Mansion	459	448	11
Executive Direction: Governor's Office	3,045	3,045	-
Executive Direction: Governor's Proclamation Expense	1,300	1,299	1
Executive Direction: National Governors' Conference	192	187	5
TOTAL Governor	**5,729**	**5,564**	**165**
Human Resources			
Human Services	-	-	-
TOTAL Human Resources	**-**	**-**	**-**
Industrial Relations			
Administrative Services	-	-	-
Employment Security	-	-	-
Industrial Safety and Accident Prevention	653	646	7
Regulation Workers Compensation	-	-	-
TOTAL Industrial Relations	**653**	**646**	**7**
Legislature			
Legislative Operations and Support	22,844	16,279	6,565
TOTAL Legislature	**22,844**	**16,279**	**6,565**
Medicaid Agency			
Medical Assistance Through Medicaid	222,032	222,032	-
TOTAL Medicaid Agency	**222,032**	**222,032**	**-**
Mental Health and Retardation			
Administrative Services	-	-	-
Capital Outlay	-	-	-
Institutional Treatment and Care of Mentally Ill	-	-	-
Institutional Treatment and Care of Mentally Retarded	-	-	-
Substance Abuse Program	-	-	-
TOTAL Mental Health and Retardation	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	78,712	58,589	20,123	78,712	58,589	20,123
-	-	-	8,789	7,578	1,211	8,789	7,578	1,211
-	-	-	8,769	4,135	4,634	8,769	4,135	4,634
-	-	-	-	-	-	1,434	1,423	11
-	-	-	-	-	-	393	391	2
-	-	-	-	-	-	199	195	4
-	-	-	-	-	-	1,195	1,192	3
-	-	-	-	-	-	572	563	9
-	-	-	1,920	1,278	642	1,920	1,278	642
-	-	-	-	-	-	1,065	1,042	23
-	-	-	-	-	-	3,632	3,591	41
-	**-**	**-**	**98,190**	**71,580**	**26,610**	**106,680**	**79,977**	**26,703**
-	-	-	-	-	-	132	38	94
-	-	-	-	-	-	601	547	54
-	-	-	-	-	-	459	448	11
-	-	-	-	-	-	3,045	3,045	-
-	-	-	-	-	-	1,300	1,299	1
-	-	-	-	-	-	192	187	5
-	**-**	**-**	**-**	**-**	**-**	**5,729**	**5,564**	**165**
-	-	-	1,153,343	1,126,282	27,061	1,153,343	1,126,282	27,061
-	**-**	**-**	**1,153,343**	**1,126,282**	**27,061**	**1,153,343**	**1,126,282**	**27,061**
-	-	-	25,163	18,003	7,160	25,163	18,003	7,160
-	-	-	64,568	52,103	12,465	64,568	52,103	12,465
-	-	-	5,513	3,271	2,242	6,166	3,917	2,249
-	-	-	5,286	4,276	1,010	5,286	4,276	1,010
-	**-**	**-**	**100,530**	**77,653**	**22,877**	**101,183**	**78,299**	**22,884**
-	-	-	-	-	-	22,844	16,279	6,565
-	**-**	**-**	**-**	**-**	**-**	**22,844**	**16,279**	**6,565**
-	-	-	3,582,243	3,555,580	26,663	3,804,275	3,777,612	26,663
-	**-**	**-**	**3,582,243**	**3,555,580**	**26,663**	**3,804,275**	**3,777,612**	**26,663**
-	-	-	19,910	16,806	3,104	19,910	16,806	3,104
-	-	-	-	-	-	-	-	-
-	-	-	273,909	266,980	6,929	273,909	266,980	6,929
-	-	-	241,993	227,801	14,192	241,993	227,801	14,192
-	-	-	36,608	31,690	4,918	36,608	31,690	4,918
-	**-**	**-**	**572,420**	**543,277**	**29,143**	**572,420**	**543,277**	**29,143**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Postsecondary Education			
Adult Education	-	-	-
Adult Education: Adult Basic Education	-	-	-
Community Educational Programs: CITY Programs	-	-	-
Firefighters-Fire College: Firefighters/Fire College	-	-	-
Industrial Training: AIDT/Development Program	-	-	-
Industrial Training: AIDT/Training Program	-	-	-
Postsecondary Administration	-	-	-
Postsecondary Administration: Postsecondary/Chancellor's	-	-	-
Postsecondary-Junior Colleges: Two Year Colleges/Critical Needs	-	-	-
Postsecondary-Junior Colleges: Two Year Colleges/Operations and Maintenance	-	-	-
Postsecondary-Prison Education: Prison Education-Operations and Maintenance	-	-	-
Postsecondary-Technical Colleges	-	-	-
Support of State Universities: Athens State - Operations and Maintenance	-	-	-
TOTAL Postsecondary Education	**-**	**-**	**-**
Public Health			
Administrative Services	8,473	8,417	56
Children's Health Insurance	-	-	-
Family Practice Rural Health	-	-	-
Personal Health Services	45,769	45,717	52
TOTAL Public Health	**54,242**	**54,134**	**108**
Public Safety			
Administrative Services	19,721	19,675	46
Police Services	35,333	34,665	668
Public Safety Support Services	8,722	8,655	67
Readiness and Recovery	200	31	169
TOTAL Public Safety	**63,976**	**63,026**	**950**
Public Service Commission			
Regulatory Services	-	-	-
TOTAL Public Service Commission	**-**	**-**	**-**
Rehabilitation Services			
Direct Client Services-Handicap	2,105	2,105	-
TOTAL Rehabilitation Services	**2,105**	**2,105**	**-**
Revenue			
State Revenue Administration	236	72	164
TOTAL Revenue	**236**	**72**	**164**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
-	-	-	13,302	7,976	5,326	13,302	7,976	5,326
5,778	5,754	24	-	-	-	5,778	5,754	24
4,185	4,185	-	-	-	-	4,185	4,185	-
3,975	3,975	-	-	-	-	3,975	3,975	-
3,509	3,509	-	-	-	-	3,509	3,509	-
3,624	3,624	-	-	-	-	3,624	3,624	-
-	-	-	4,001	2,147	1,854	4,001	2,147	1,854
3,324	3,285	39	-	-	-	3,324	3,285	39
1,572	526	1,046	-	-	-	1,572	526	1,046
226,425	226,425	-	-	-	-	226,425	226,425	-
8,005	8,005	-	-	-	-	8,005	8,005	-
-	-	-	1,800	1,374	426	1,800	1,374	426
8,952	8,952	-	-	-	-	8,952	8,952	-
269,349	**268,240**	**1,109**	**19,103**	**11,497**	**7,606**	**288,452**	**279,737**	**8,715**
-	-	-	15,882	12,103	3,779	24,355	20,520	3,835
-	-	-	96,059	87,083	8,976	96,059	87,083	8,976
966	921	45	-	-	-	966	921	45
13,643	13,643	-	360,297	316,516	43,781	419,709	375,876	43,833
14,609	**14,564**	**45**	**472,238**	**415,702**	**56,536**	**541,089**	**484,400**	**56,689**
-	-	-	17,977	10,002	7,975	37,698	29,677	8,021
-	-	-	42,212	15,741	26,471	77,545	50,406	27,139
-	-	-	9,344	6,980	2,364	18,066	15,635	2,431
-	-	-	-	-	-	200	31	169
-	**-**	**-**	**69,533**	**32,723**	**36,810**	**133,509**	**95,749**	**37,760**
-	-	-	15,512	12,709	2,803	15,512	12,709	2,803
-	**-**	**-**	**15,512**	**12,709**	**2,803**	**15,512**	**12,709**	**2,803**
26,783	26,780	3	114,630	97,341	17,289	143,518	126,226	17,292
26,783	**26,780**	**3**	**114,630**	**97,341**	**17,289**	**143,518**	**126,226**	**17,292**
-	-	-	95,526	95,467	59	95,762	95,539	223
-	**-**	**-**	**95,526**	**95,467**	**59**	**95,762**	**95,539**	**223**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Secretary of State			
Administrative Support Service	-	-	-
Administrative Support Service: Administration of Hava	-	-	-
Administrative Support Service: Dist Public Documents	304	300	4
Administrative Support Service: Printing of Acts/Journals	428	187	241
Administrative Support Service: Printing of Codes	117	117	-
Administrative Support Service: Secretary of State	1,053	1,027	26
Administrative Support Service: Voter Registration	265	259	6
Special Services: Training Elected Officials	70	7	63
TOTAL Secretary of State	**2,237**	**1,897**	**340**
Transportation			
Airport Development and Aeronautics	-	-	-
Appropriation Transfers	-	-	-
Automotive Equipment Purchases	-	-	-
Captive County Health Insurance	-	-	-
Central Administration	-	-	-
Construction-Federal Aid Programs	-	-	-
Construction-State Programs	-	-	-
Debt Service	-	-	-
Debt Service, General Obligation Bonds	-	-	-
Division and District Supervision	-	-	-
Maintenance	-	-	-
Operations and Support Service	-	-	-
Other Equipment Purchases	-	-	-
TOTAL Transportation	**-**	**-**	**-**
Treasurer			
Fiscal Management	2,904	2,517	387
TOTAL Treasurer	**2,904**	**2,517**	**387**
Youth Services			
Community Educational Programs	-	-	-
Financial Assistance	-	-	-
Youth Services	12,256	12,256	-
Youth Services-Boot Camps	4,850	4,275	575
TOTAL Youth Services	**17,106**	**16,531**	**575**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
-	-	-	3,038	1,459	1,579	3,038	1,459	1,579
-	-	-	5,640	8	5,632	5,640	8	5,632
-	-	-	-	-	-	304	300	4
-	-	-	-	-	-	428	187	241
-	-	-	-	-	-	117	117	-
-	-	-	-	-	-	1,053	1,027	26
-	-	-	-	-	-	265	259	6
-	-	-	-	-	-	70	7	63
-	**-**	**-**	**8,678**	**1,467**	**7,211**	**10,915**	**3,364**	**7,551**
-	-	-	26,439	25,362	1,077	26,439	25,362	1,077
-	-	-	3,500	3,500	-	3,500	3,500	-
-	-	-	187	178	9	187	178	9
-	-	-	168	87	81	168	87	81
-	-	-	43,797	37,129	6,668	43,797	37,129	6,668
-	-	-	3,265,218	888,699	2,376,519	3,265,218	888,699	2,376,519
-	-	-	198,833	63,410	135,423	198,833	63,410	135,423
-	-	-	4,449	4,449	-	4,449	4,449	-
-	-	-	18,336	18,336	-	18,336	18,336	-
-	-	-	24,667	19,192	5,475	24,667	19,192	5,475
-	-	-	205,631	140,032	65,599	205,631	140,032	65,599
-	-	-	5,200	4,671	529	5,200	4,671	529
-	-	-	8,076	5,998	2,078	8,076	5,998	2,078
-	**-**	**-**	**3,804,501**	**1,211,043**	**2,593,458**	**3,804,501**	**1,211,043**	**2,593,458**
-	-	-	6,448	4,557	1,891	9,352	7,074	2,278
-	**-**	**-**	**6,448**	**4,557**	**1,891**	**9,352**	**7,074**	**2,278**
762	762	-	-	-	-	762	762	-
6,649	6,482	167	684	603	81	7,333	7,085	248
36,954	36,149	805	13,639	9,486	4,153	62,849	57,891	4,958
-	-	-	-	-	-	4,850	4,275	575
44,365	**43,393**	**972**	**14,323**	**10,089**	**4,234**	**75,794**	**70,013**	**5,781**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
Colleges and Universities			
Alabama Agricultural and Mechanical University			
Support of State Universities: ACES-System Personnel Costs	-	-	-
Support of State Universities: Agriculture Research Station Fixed Costs	-	-	-
Support of State Universities: Alabama A&M-Agriculture Research Extension State Match	-	-	-
Support of State Universities: Alabama A&M-Desegregation Planning	-	-	-
Support of State Universities: Alabama A&M-Miles College	-	-	-
Support of State Universities: Alabama A&M-Operations and Maintenance	-	-	-
Support of State Universities: Title VI Program Enhancement	-	-	-
Support of State Universities: Urban Affairs and Non-Trade Program	-	-	-
Total Alabama Agricultural and Mechanical University	**-**	**-**	**-**
Alabama Institute for the Deaf and Blind			
AIDB Adult Programs	-	-	-
AIDB Children and Youth Programs	-	-	-
AIDB Industries for Blind	-	-	-
Total Alabama Institute for the Deaf and Blind	**-**	**-**	**-**
Alabama State University			
Support of State Universities: Alabama State University - Desegregation Planning	-	-	-
Support of State Universities: Alabama State University-Operations and Maintenance	-	-	-
Support of State Universities: ASU-Intercollegiate Partnership	-	-	-
Support of State Universities: Title VI Program Enhancement	-	-	-
Total Alabama State University	**-**	**-**	**-**
Auburn University			
Support of State Universities: Auburn University System-Operations and Maintenance	-	-	-
Support of State Universities: Auburn University-AUM Operations and Maintenance	-	-	-
Support of State Universities: Auburn/Agriculture Experiment Station	-	-	-
Support of State Universities: Auburn/Cooperative Extension Service	-	-	-
Support of State Universities: Auburn/Technology Network	-	-	-
Total Auburn University	**-**	**-**	**-**
Jacksonville State University			
Support of State Universities: Jacksonville State University-Operations and Maintenance	-	-	-
Support of State Universities: Jacksonville/Senate Special Projects	-	-	-
Total Jacksonville State University	**-**	**-**	**-**
Troy State University			
Support of State Universities: Troy State University Southeast Alabama Technology Network	-	-	-
Support of State Universities: Troy State University System-Operations and Maintenance	-	-	-
Support of State Universities: TSU/Macarthur Tech Consortium	-	-	-
Total Troy State University	**-**	**-**	**-**
University of Alabama - Birmingham			
Support of State Universities: Chauncey Sparks Center/UAB	-	-	-
Support of State Universities: GF James Cystic Fibrosis Center	-	-	-
Support of State Universities: UAB Brain Tumor Center	-	-	-
Support of State Universities: UAB-Emergency Medical Residency	-	-	-
Support of State Universities: University of Alabama-Birmingham-Operations and Maintenance	-	-	-
Total University of Alabama - Birmingham	**-**	**-**	**-**
University of Alabama - Huntsville			
Support of State Universities: University of Alabama-Huntsville-Operations and Maintenance	-	-	-
Total University of Alabama - Huntsville	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
925	925	-	-	-	-	925	925	-
300	300	-	-	-	-	300	300	-
855	855	-	-	-	-	855	855	-
173	173	-	-	-	-	173	173	-
332	332	-	-	-	-	332	332	-
27,014	27,014	-	-	-	-	27,014	27,014	-
570	570	-	-	-	-	570	570	-
2,011	2,011	-	-	-	-	2,011	2,011	-
32,180	**32,180**	**-**	**-**	**-**	**-**	**32,180**	**32,180**	**-**
7,828	7,828	-	-	-	-	7,828	7,828	-
21,580	21,580	-	-	-	-	21,580	21,580	-
5,663	5,663	-	-	-	-	5,663	5,663	-
35,071	**35,071**	**-**	**-**	**-**	**-**	**35,071**	**35,071**	**-**
185	185	-	-	-	-	185	185	-
28,397	28,397	-	-	-	-	28,397	28,397	-
200	200	-	-	-	-	200	200	-
1,657	1,657	-	-	-	-	1,657	1,657	-
30,439	**30,439**	**-**	**-**	**-**	**-**	**30,439**	**30,439**	**-**
134,225	134,225	-	-	-	-	134,225	134,225	-
19,171	19,171	-	-	-	-	19,171	19,171	-
24,664	24,664	-	-	-	-	24,664	24,664	-
26,800	26,800	-	-	-	-	26,800	26,800	-
1,477	1,477	-	-	-	-	1,477	1,477	-
206,337	**206,337**	**-**	**-**	**-**	**-**	**206,337**	**206,337**	**-**
29,038	29,038	-	-	-	-	29,038	29,038	-
121	121	-	-	-	-	121	121	-
29,159	**29,159**	**-**	**-**	**-**	**-**	**29,159**	**29,159**	**-**
338	338	-	-	-	-	338	338	-
35,395	35,395	-	-	-	-	35,395	35,395	-
100	100	-	-	-	-	100	100	-
35,833	**35,833**	**-**	**-**	**-**	**-**	**35,833**	**35,833**	**-**
4,032	4,032	-	-	-	-	4,032	4,032	-
178	178	-	-	-	-	178	178	-
178	178	-	-	-	-	178	178	-
84	84	-	-	-	-	84	84	-
214,199	214,199	-	-	-	-	214,199	214,199	-
218,671	**218,671**	**-**	**-**	**-**	**-**	**218,671**	**218,671**	**-**
36,940	36,940	-	-	-	-	36,940	36,940	-
36,940	**36,940**	**-**	**-**	**-**	**-**	**36,940**	**36,940**	**-**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
University of Alabama - Tuscaloosa			
Support of State Universities: School Fest	-	-	-
Support of State Universities: UA-Alabama Minority Technical Network	-	-	-
Support of State Universities: UA-Alabama Technical Network	-	-	-
Support of State Universities: University of Alabama-Tuscaloosa-Operations and Maintenance	-	-	-
Total University of Alabama - Tuscaloosa	**-**	**-**	**-**
University of Montevallo			
Support of State Universities: University of Montevallo-Operations and Maintenance	-	-	-
Total University of Montevallo	**-**	**-**	**-**
University of North Alabama			
Support of State Universities: University of North Alabama-Operations and Maintenance	-	-	-
Total University of North Alabama	**-**	**-**	**-**
University of South Alabama			
Support of State Universities: University of South Alabama-Operations and Maintenance	-	-	-
Total University of South Alabama	**-**	**-**	**-**
University of West Alabama			
Support of State Universities: University of West Alabama-Operations and Maintenance	-	-	-
Total University of West Alabama	**-**	**-**	**-**
TOTAL Colleges and Universities	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
563	563	-	-	-	-	563	563	-
760	760	-	-	-	-	760	760	-
1,477	1,477	-	-	-	-	1,477	1,477	-
120,984	120,984	-	-	-	-	120,984	120,984	-
123,784	**123,784**	**-**	**-**	**-**	**-**	**123,784**	**123,784**	**-**
15,157	15,157	-	-	-	-	15,157	15,157	-
15,157	**15,157**	**-**	**-**	**-**	**-**	**15,157**	**15,157**	**-**
21,437	21,437	-	-	-	-	21,437	21,437	-
21,437	**21,437**	**-**	**-**	**-**	**-**	**21,437**	**21,437**	**-**
82,967	82,967	-	-	-	-	82,967	82,967	-
82,967	**82,967**	**-**	**-**	**-**	**-**	**82,967**	**82,967**	**-**
9,494	9,494	-	-	-	-	9,494	9,494	-
9,494	**9,494**	**-**	**-**	**-**	**-**	**9,494**	**9,494**	**-**
877,469	**877,469**	**-**	**-**	**-**	**-**	**877,469**	**877,469**	**-**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Other			
Academy of Honor			
Historical Resources Management	5	5	-
Total Academy of Honor	**5**	**5**	**-**
Accountancy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Accountancy Board	**-**	**-**	**-**
Agricultural Museum Board			
Agricultural Promotional Program	-	-	-
Capital Outlay	-	-	-
Total Agricultural Museum Board	**-**	**-**	**-**
Agriculture and Industries Exhibit Commission			
Agricultural Development Services	34	34	-
Total Agriculture and Industries Exhibit Commission	**34**	**34**	**-**
Agriculture Center Board			
Agricultural Development Services: Fairs and Livestock Shows	162	161	1
Agricultural Development Services: Livestock Coliseum	304	297	7
Agricultural Development Services: Operations	326	326	-
Total Agriculture Center Board	**792**	**784**	**8**
Alabama Law Institute			
Support - Other Educational Activities	585	585	-
Total Alabama Law Institute	**585**	**585**	**-**
Alabama Onsite Wastewater Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Alabama Onsite Wastewater Board	**-**	**-**	**-**
Alabama Trusts			
Alabama Natural Heritage	-	-	-
Fiscal Management	23	15	8
Total Alabama Trusts	**23**	**15**	**8**
Alcoholic Beverage Control Board			
Administrative Services	-	-	-
Alcoholic Beverage Management	-	-	-
Licensing, Regulation and Enforcement	-	-	-
Total Alcoholic Beverage Control Board	**-**	**-**	**-**
Architects Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Architects Registration Board	**-**	**-**	**-**
Archives and History			
Historical Resources Management	3,120	3,081	39
Total Archives and History	**3,120**	**3,081**	**39**
Assisted Living Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Assisted Living Examiners Board	**-**	**-**	**-**
Athlete Agent Regulatory Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Total Athlete Agent Regulatory Commission	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	5	5	-
-	**-**	**-**	**-**	**-**	**-**	**5**	**5**	**-**
-	-	-	808	620	188	808	620	188
-	**-**	**-**	**808**	**620**	**188**	**808**	**620**	**188**
-	-	-	133	120	13	133	120	13
-	-	-	26	-	26	26	-	26
-	**-**	**-**	**159**	**120**	**39**	**159**	**120**	**39**
-	-	-	-	-	-	34	34	-
-	**-**	**-**	**-**	**-**	**-**	**34**	**34**	**-**
-	-	-	-	-	-	162	161	1
-	-	-	487	402	85	791	699	92
-	-	-	-	-	-	326	326	-
-	**-**	**-**	**487**	**402**	**85**	**1,279**	**1,186**	**93**
51	51	-	-	-	-	636	636	-
51	**51**	**-**	**-**	**-**	**-**	**636**	**636**	**-**
-	-	-	300	297	3	300	297	3
-	**-**	**-**	**300**	**297**	**3**	**300**	**297**	**3**
-	-	-	300	173	127	300	173	127
-	-	-	-	-	-	23	15	8
-	**-**	**-**	**300**	**173**	**127**	**323**	**188**	**135**
-	-	-	4,526	4,308	218	4,526	4,308	218
-	-	-	29,139	28,908	231	29,139	28,908	231
-	-	-	7,954	7,455	499	7,954	7,455	499
-	**-**	**-**	**41,619**	**40,671**	**948**	**41,619**	**40,671**	**948**
-	-	-	336	282	54	336	282	54
-	**-**	**-**	**336**	**282**	**54**	**336**	**282**	**54**
800	800	-	551	325	226	4,471	4,206	265
800	**800**	**-**	**551**	**325**	**226**	**4,471**	**4,206**	**265**
-	-	-	165	78	87	165	78	87
-	**-**	**-**	**165**	**78**	**87**	**165**	**78**	**87**
-	-	-	34	-	34	34	-	34
-	**-**	**-**	**34**	**-**	**34**	**34**	**-**	**34**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Athletic Trainers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Athletic Trainers Board	**-**	**-**	**-**
Auctioneers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Auctioneers Board	**-**	**-**	**-**
Banking			
Charter Licensure and Regulation Financial	-	-	-
Total Banking	**-**	**-**	**-**
Board of Adjustment			
Special Services: Damage Claims-Board of Adjustment	8	7	1
Special Services: Death Claims-Board of Adjustment	950	800	150
Special Services: Voided Warrants-Board of Adjustment	2	-	2
Total Board of Adjustment	**960**	**807**	**153**
Board of Control-Public Employee Contribution			
Employee Benefits	-	-	-
Total Board of Control-Public Employee Contribution	**-**	**-**	**-**
Board of Prosthetist and Orthostist			
Professional and Occupational Licensure and Regulation	-	-	-
Total Board of Prosthetist and Orthostist	**-**	**-**	**-**
Building Commission			
Capital Outlay	82	45	37
Professional and Occupational Licensure and Regulation	-	-	-
Special Services	203	193	10
Total Building Commission	**285**	**238**	**47**
Child Abuse and Neglect Prevention			
Social Services	-	-	-
Total Child Abuse and Neglect Prevention	**-**	**-**	**-**
Children Services Facilitation			
Human Services	-	-	-
Total Children Services Facilitation	**-**	**-**	**-**
Children's Affairs			
Children's Policy Council	-	-	-
Social Services	514	365	149
Total Children's Affairs	**514**	**365**	**149**
Chiropractic Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Chiropractic Examiners Board	**-**	**-**	**-**
Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority			
Water Resource Development	342	323	19
Total Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority	**342**	**323**	**19**
Commision on Uniform State Laws			
Special Services	42	39	3
Total Commision on Uniform State Laws	**42**	**39**	**3**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	45	40	5	45	40	5
-	**-**	**-**	**45**	**40**	**5**	**45**	**40**	**5**
-	-	-	125	100	25	125	100	25
-	**-**	**-**	**125**	**100**	**25**	**125**	**100**	**25**
-	-	-	13,917	8,740	5,177	13,917	8,740	5,177
-	**-**	**-**	**13,917**	**8,740**	**5,177**	**13,917**	**8,740**	**5,177**
-	-	-	-	-	-	8	7	1
-	-	-	-	-	-	950	800	150
-	-	-	-	-	-	2	-	2
-	**-**	**-**	**-**	**-**	**-**	**960**	**807**	**153**
-	-	-	1,000	-	1,000	1,000	-	1,000
-	**-**	**-**	**1,000**	**-**	**1,000**	**1,000**	**-**	**1,000**
-	-	-	129	84	45	129	84	45
-	**-**	**-**	**129**	**84**	**45**	**129**	**84**	**45**
-	-	-	-	-	-	82	45	37
-	-	-	130	77	53	130	77	53
-	-	-	1,669	1,273	396	1,872	1,466	406
-	**-**	**-**	**1,799**	**1,350**	**449**	**2,084**	**1,588**	**496**
-	-	-	8,504	7,922	582	8,504	7,922	582
-	**-**	**-**	**8,504**	**7,922**	**582**	**8,504**	**7,922**	**582**
-	-	-	3,004	2,906	98	3,004	2,906	98
-	**-**	**-**	**3,004**	**2,906**	**98**	**3,004**	**2,906**	**98**
-	-	-	1,496	1,350	146	1,496	1,350	146
3,853	3,820	33	2,355	2,268	87	6,722	6,453	269
3,853	**3,820**	**33**	**3,851**	**3,618**	**233**	**8,218**	**7,803**	**415**
-	-	-	227	192	35	227	192	35
-	**-**	**-**	**227**	**192**	**35**	**227**	**192**	**35**
-	-	-	67	17	50	409	340	69
-	**-**	**-**	**67**	**17**	**50**	**409**	**340**	**69**
-	-	-	-	-	-	42	39	3
-	**-**	**-**	**-**	**-**	**-**	**42**	**39**	**3**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Conservation and Natural Resources			
Administrative Services	-	-	-
Capital Outlay	-	-	-
Game and Fish	-	-	-
Marine Police	-	-	-
Marine Resources	-	-	-
Outdoor Recreation Sites and Services	-	-	-
State Land Management	-	-	-
Total Conservation and Natural Resources	**-**	**-**	**-**
Corrections Institute Finance Authority			
Capital Outlay	-	-	-
Total Corrections Institute Finance Authority	**-**	**-**	**-**
Cosmetology Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Cosmetology Board	**-**	**-**	**-**
Council on the Arts			
Community Arts and Cultural Program	-	-	-
Fine Arts	-	-	-
Total Council on the Arts	**-**	**-**	**-**
Counseling Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Counseling Examiners Board	**-**	**-**	**-**
Court of Civil Appeals			
Court Operations	3,367	3,314	53
Total Court of Civil Appeals	**3,367**	**3,314**	**53**
Court of Criminal Appeals			
Court Operations	4,004	3,926	78
Total Court of Criminal Appeals	**4,004**	**3,926**	**78**
Credit Union Administration			
Charter Licensure and Regulation Financial	-	-	-
Total Credit Union Administration	**-**	**-**	**-**
Crime Victims Compensation Commission			
Special Services	-	-	-
Total Crime Victims Compensation Commission	**-**	**-**	**-**
Criminal Justice Information Center			
Criminal Justice Infomation Services	2,551	2,545	6
Total Criminal Justice Information Center	**2,551**	**2,545**	**6**
Debt Service and Reserve			
Debt Service	-	-	-
Debt Service: 2002A GO Bonds	-	-	-
Debt Service: 2001E Docks/Local Match Bonds	-	-	-
Debt Service: 92 Waterway Refunding	3,245	3,245	-
Debt Service: General Obligation 1999-A Refunding	14,719	14,127	592
Debt Service: General Obligation 1999-B Refunding	1,790	1,790	-
Debt Service: GO 2001-A Agriculture Dev Bond	-	-	-
Debt Service: GO 2001-B Forensic Sciences	-	-	-
Total Debt Service and Reserve	**19,754**	**19,162**	**592**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
-	-	-	6,813	5,897	916	6,813	5,897	916
-	-	-	10,395	935	9,460	10,395	935	9,460
-	-	-	26,648	24,235	2,413	26,648	24,235	2,413
-	-	-	7,340	5,738	1,602	7,340	5,738	1,602
-	-	-	4,678	3,728	950	4,678	3,728	950
-	-	-	6,775	6,400	375	6,775	6,400	375
-	-	-	8,628	5,796	2,832	8,628	5,796	2,832
-	**-**	**-**	**71,277**	**52,729**	**18,548**	**71,277**	**52,729**	**18,548**
-	-	-	4,291	131	4,160	4,291	131	4,160
-	**-**	**-**	**4,291**	**131**	**4,160**	**4,291**	**131**	**4,160**
-	-	-	1,500	1,175	325	1,500	1,175	325
-	**-**	**-**	**1,500**	**1,175**	**325**	**1,500**	**1,175**	**325**
1,750	1,314	436	-	-	-	1,750	1,314	436
3,360	3,330	30	656	656	-	4,016	3,986	30
5,110	**4,644**	**466**	**656**	**656**	**-**	**5,766**	**5,300**	**466**
-	-	-	294	200	94	294	200	94
-	**-**	**-**	**294**	**200**	**94**	**294**	**200**	**94**
-	-	-	-	-	-	3,367	3,314	53
-	**-**	**-**	**-**	**-**	**-**	**3,367**	**3,314**	**53**
-	-	-	-	-	-	4,004	3,926	78
-	**-**	**-**	**-**	**-**	**-**	**4,004**	**3,926**	**78**
-	-	-	1,021	545	476	1,021	545	476
-	**-**	**-**	**1,021**	**545**	**476**	**1,021**	**545**	**476**
-	-	-	3,051	1,656	1,395	3,051	1,656	1,395
-	**-**	**-**	**3,051**	**1,656**	**1,395**	**3,051**	**1,656**	**1,395**
-	-	-	4,549	3,088	1,461	7,100	5,633	1,467
-	**-**	**-**	**4,549**	**3,088**	**1,461**	**7,100**	**5,633**	**1,467**
-	-	-	13,994	13,994	-	13,994	13,994	-
-	-	-	4,140	3,991	149	4,140	3,991	149
-	-	-	3,770	3,770	-	3,770	3,770	-
-	-	-	-	-	-	3,245	3,245	-
5,129	5,129	-	3,836	3,836	-	23,684	23,092	592
-	-	-	-	-	-	1,790	1,790	-
-	-	-	4,753	4,753	-	4,753	4,753	-
-	-	-	1,331	1,331	-	1,331	1,331	-
5,129	**5,129**	**-**	**31,824**	**31,675**	**149**	**56,707**	**55,966**	**741**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Development Office			
Industrial Development: Alabama Development Office	4,305	4,139	166
Promotional Development: ADO-Alabama Film Commission	522	464	58
Total Development Office	**4,827**	**4,603**	**224**
Dieteticians and Nutritionists Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Dieteticians and Nutritionists Examining Board	**-**	**-**	**-**
Director of Finance			
Fiscal Management	856	810	46
Total Director of Finance	**856**	**810**	**46**
District Attorneys			
Court Operations	26,877	26,723	154
Total District Attorneys	**26,877**	**26,723**	**154**
Drug Education/Awareness Oversight Council			
Support - Other Educational Activities	-	-	-
Total Drug Education/Awareness Oversight Council	**-**	**-**	**-**
Educational Television Commission			
Capital Outlay	-	-	-
Educational Television	-	-	-
Total Educational Television Commission	**-**	**-**	**-**
Electrical Contractors Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Electrical Contractors Board	**-**	**-**	**-**
Electronic Security Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Electronic Security Board	**-**	**-**	**-**
Environmental Management			
Environmental Management	-	-	-
Total Environmental Management	**-**	**-**	**-**
ETF Direct Disbursements			
Debt Service: Auburn University Endowment	-	-	-
Debt Service: Grove Hill Endowment	-	-	-
Debt Service: University of Alabama Endowment	-	-	-
Employee Benefits: Teachers Retirement System Unused Sick Leave Death Benefits	-	-	-
Financial Assistance: Alabama School of Fine Arts	-	-	-
Financial Assistance: American Legion Scholarships	-	-	-
Special Services: Space Science Exhibit Commission	-	-	-
Support - Other Educational Activities: Dental Scholarships	-	-	-
Support - Other Educational Activities: Marine Environmental	-	-	-
Support - Other Educational Activities: Medical Scholarships	-	-	-
Support - Other Educational Activities: Montgomery Internal Medicine Residency	-	-	-
Support - Other Educational Activities: Music Hall of Fame	-	-	-
Support - Other Educational Activities: Optometric Scholarships	-	-	-
Total ETF Direct Disbursements	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	100	-	100	4,405	4,139	266
-	-	-	-	-	-	522	464	58
-	**-**	**-**	**100**	**-**	**100**	**4,927**	**4,603**	**324**
-	-	-	125	84	41	125	84	41
-	**-**	**-**	**125**	**84**	**41**	**125**	**84**	**41**
-	-	-	-	-	-	856	810	46
-	**-**	**-**	**-**	**-**	**-**	**856**	**810**	**46**
-	-	-	-	-	-	26,877	26,723	154
-	**-**	**-**	**-**	**-**	**-**	**26,877**	**26,723**	**154**
640	640	-	-	-	-	640	640	-
640	**640**	**-**	**-**	**-**	**-**	**640**	**640**	**-**
202	165	37	-	-	-	202	165	37
8,773	8,767	6	3,527	2,285	1,242	12,300	11,052	1,248
8,975	**8,932**	**43**	**3,527**	**2,285**	**1,242**	**12,502**	**11,217**	**1,285**
-	-	-	350	251	99	350	251	99
-	**-**	**-**	**350**	**251**	**99**	**350**	**251**	**99**
-	-	-	185	176	9	185	176	9
-	**-**	**-**	**185**	**176**	**9**	**185**	**176**	**9**
-	-	-	47,546	41,590	5,956	47,546	41,590	5,956
-	**-**	**-**	**47,546**	**41,590**	**5,956**	**47,546**	**41,590**	**5,956**
20	20	-	-	-	-	20	20	-
1	1	-	-	-	-	1	1	-
61	61	-	-	-	-	61	61	-
717	671	46	-	-	-	717	671	46
4,089	4,089	-	-	-	-	4,089	4,089	-
106	98	8	-	-	-	106	98	8
339	339	-	-	-	-	339	339	-
183	183	-	-	-	-	183	183	-
2,815	2,815	-	-	-	-	2,815	2,815	-
396	396	-	-	-	-	396	396	-
198	198	-	-	-	-	198	198	-
83	83	-	-	-	-	83	83	-
87	87	-	-	-	-	87	87	-
9,095	**9,041**	**54**	**-**	**-**	**-**	**9,095**	**9,041**	**54**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
ETF Non-State			
Direct Client Services-Handicap: Camp ASCCA	-	-	-
Financial Assistance: DAR School	-	-	-
Human Services: East Alabama Child Development	-	-	-
Personal Health Services: AIDS Task Force	-	-	-
Personal Health Services: Bevill Center - Brewton	-	-	-
Personal Health Services: Epilepsy Foundation	-	-	-
Planning and Coordination Services: Sports Festival	-	-	-
Support - Other Educational Activities: Central Alabama OIC	-	-	-
Support - Other Educational Activities: Children's and Women's Hospital	-	-	-
Support - Other Educational Activities: Children's Hospital	-	-	-
Support - Other Educational Activities: Helen Keller Eye Research	-	-	-
Support - Other Educational Activities: League for Advancement	-	-	-
Support - Other Educational Activities: Lyman Ward Military Academy	-	-	-
Support - Other Educational Activities: Marion Military Institute	-	-	-
Support - Other Educational Activities: Talladega College	-	-	-
Support - Other Educational Activities: Tuskegee University	-	-	-
Total ETF Non-State	**-**	**-**	**-**
Ethics Commission			
Regulation of Public Officials and Employees	1,009	997	12
Total Ethics Commission	**1,009**	**997**	**12**
Farmers' Market Authority			
Agricultural Development Services	746	415	331
Total Farmers' Market Authority	**746**	**415**	**331**
Finance Special Appropriations			
Administration Service and Logistical Supply: Removal of Prisoners	583	581	2
Criminal Investigation: Arrest of Absconding Felons	58	26	32
Executive Direction: Governors' Widow Retirement	14	14	-
Fiscal Management: CMIA	750	220	530
Fiscal Management: Employee Suggestion Awards Program	483	5	478
Institutional Service Corrections: Feeding of Prisoners	6,762	6,762	-
Legal Advice and Legal Service: Automatic Appeal Expense	39	-	39
Legal Advice and Legal Service: Court Assessed Cost not Provided	287	208	79
Legal Advice and Legal Service: Law Enforcement Legal Defense	2	-	2
Pay Fed Fines Against Ag: Personnel Cost Allocation	107	107	-
Special Services: Court Assessed Cost not Provided	3,145	3,145	-
Special Services: Election Expenses	5,343	4,820	523
Special Services: Emergency Fund, Departmental	4,147	1,118	3,029
Special Services: Freddie Lee Gaines	100	100	-
Special Services: Registration of Voters	3,268	3,087	181
Total Finance Special Appropriations	**25,088**	**20,193**	**4,895**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
469	469	-	-	-	-	469	469	-
59	59	-	-	-	-	59	59	-
1,005	1,005	-	-	-	-	1,005	1,005	-
256	256	-	-	-	-	256	256	-
34	34	-	-	-	-	34	34	-
51	51	-	-	-	-	51	51	-
68	68	-	-	-	-	68	68	-
105	105	-	-	-	-	105	105	-
608	608	-	-	-	-	608	608	-
809	809	-	-	-	-	809	809	-
305	305	-	-	-	-	305	305	-
73	73	-	-	-	-	73	73	-
185	185	-	-	-	-	185	185	-
396	396	-	-	-	-	396	396	-
464	464	-	-	-	-	464	464	-
4,726	4,726	-	-	-	-	4,726	4,726	-
9,613	**9,613**	**-**	**-**	**-**	**-**	**9,613**	**9,613**	**-**
-	-	-	-	-	-	1,009	997	12
-	**-**	**-**	**-**	**-**	**-**	**1,009**	**997**	**12**
-	-	-	2,030	1,059	971	2,776	1,474	1,302
-	**-**	**-**	**2,030**	**1,059**	**971**	**2,776**	**1,474**	**1,302**
-	-	-	-	-	-	583	581	2
-	-	-	-	-	-	58	26	32
-	-	-	-	-	-	14	14	-
-	-	-	-	-	-	750	220	530
-	-	-	-	-	-	483	5	478
-	-	-	-	-	-	6,762	6,762	-
-	-	-	-	-	-	39	-	39
-	-	-	-	-	-	287	208	79
-	-	-	-	-	-	2	-	2
-	-	-	-	-	-	107	107	-
-	-	-	-	-	-	3,145	3,145	-
-	-	-	-	-	-	5,343	4,820	523
-	-	-	-	-	-	4,147	1,118	3,029
-	-	-	-	-	-	100	100	-
-	-	-	-	-	-	3,268	3,087	181
-	**-**	**-**	**-**	**-**	**-**	**25,088**	**20,193**	**4,895**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Finance Special Funds			
Appropriation Transfers	-	-	-
Capital Outlay: GO 2001-E Steelcase	-	-	-
Capital Outlay: GO 2002 DELPHI Project	-	-	-
Capital Outlay: GO 2002A Administrative Cost	-	-	-
Capital Outlay: GO 2002A Cost of Issuance	-	-	-
Capital Outlay: Montgomery Riverfront Develo	-	-	-
Capital Outlay: Wal-Mart	-	-	-
Fiscal Management	2,000	2,000	-
Non-State	-	-	-
Special Services	-	-	-
Total Finance Special Funds	**2,000**	**2,000**	**-**
Forensic Sciences			
Forensic Science Services	8,646	8,387	259
Total Forensic Sciences	**8,646**	**8,387**	**259**
Foresters Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Foresters Registration Board	**-**	**-**	**-**
Forestry Commission			
Capital Outlay	-	-	-
Forest Resources Protection and Development	-	-	-
Total Forestry Commission	**-**	**-**	**-**
Forever Wild Land Trust			
Administrative Services	-	-	-
Capital Outlay	-	-	-
Total Forever Wild Land Trust	**-**	**-**	**-**
Fringe Benefit Accounts			
Fringe Benefits: Judicial Retirement - GF Share	1,539	1,539	-
Total Fringe Benefit Accounts	**1,539**	**1,539**	**-**
Funeral Services Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Funeral Services Board	**-**	**-**	**-**
General Contractors Licensing Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total General Contractors Licensing Board	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	141,693	141,464	229	141,693	141,464	229
-	-	-	500	500	-	500	500	-
-	-	-	12,550	7,480	5,070	12,550	7,480	5,070
-	-	-	500	110	390	500	110	390
-	-	-	185	155	30	185	155	30
-	-	-	2,500	1,890	610	2,500	1,890	610
-	-	-	2,000	2,000	-	2,000	2,000	-
-	-	-	-	-	-	2,000	2,000	-
-	-	-	21,570	21,570	-	21,570	21,570	-
-	-	-	239	239	-	239	239	-
-	**-**	**-**	**181,737**	**175,408**	**6,329**	**183,737**	**177,408**	**6,329**
-	-	-	8,803	6,382	2,421	17,449	14,769	2,680
-	**-**	**-**	**8,803**	**6,382**	**2,421**	**17,449**	**14,769**	**2,680**
-	-	-	160	81	79	160	81	79
-	**-**	**-**	**160**	**81**	**79**	**160**	**81**	**79**
-	-	-	323	2	321	323	2	321
-	-	-	28,977	25,676	3,301	28,977	25,676	3,301
-	**-**	**-**	**29,300**	**25,678**	**3,622**	**29,300**	**25,678**	**3,622**
-	-	-	2,683	978	1,705	2,683	978	1,705
-	-	-	7,799	6,034	1,765	7,799	6,034	1,765
-	**-**	**-**	**10,482**	**7,012**	**3,470**	**10,482**	**7,012**	**3,470**
-	-	-	-	-	-	1,539	1,539	-
-	**-**	**-**	**-**	**-**	**-**	**1,539**	**1,539**	**-**
-	-	-	215	190	25	215	190	25
-	**-**	**-**	**215**	**190**	**25**	**215**	**190**	**25**
-	-	-	1,784	856	928	1,784	856	928
-	**-**	**-**	**1,784**	**856**	**928**	**1,784**	**856**	**928**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
General Fund Direct Disbursements			
Fine Arts: Music Hall of Fame	325	325	-
Historical Resources Management: Cahaba Advisory Committee	352	352	-
Historical Resources Management: Gorgas Memorial Board	22	22	-
Historical Resources Management: Historic Chattahoochee Commission	162	162	-
Historical Resources Management: Historic Ironworks Commission	200	200	-
Historical Resources Management: St. Stephens Historical Commission	241	241	-
Historical Resources Management: Women's Hall of Fame	13	13	-
Mineral, Energy, and Water Resources: Southern States Energy Board	21	21	-
Special Services: Southern Growth Policies Board	28	28	-
Tourism and Travel Promotion: Historic Blakeley Authority	376	376	-
Tourism and Travel Promotion: Motor Sports Hall of Fame	144	144	-
Water Resource Development: Choccolocco Creek Watershed	24	24	-
Water Resource Development: Elk River Development	19	19	-
Water Resource Development: Tennessee-Tombigbee Waterway	101	101	-
Total General Fund Direct Disbursements	**2,028**	**2,028**	**-**
General Fund Non-State			
Non-State: AIDS-Task Force	51	51	-
Non-State: Alabama Travel Council	97	97	-
Non-State: Alabama's Young Woman of the Year	13	13	-
Non-State: America's Young Woman of the Year	54	54	-
Non-State: Autism Society of Alabama	48	48	-
Non-State: Beacon House-Jasper	34	34	-
Non-State: Coalition Against Domestic Violence	814	814	-
Non-State: Coosa-Alabama River Improvement	90	90	-
Non-State: Council on Child Abuse	186	186	-
Non-State: Elyton Recovery Center	60	60	-
Non-State: Kidney Foundation, Inc	362	362	-
Non-State: Lighthouse Counseling Center	29	29	-
Non-State: Montgomery Minority Business Development Center	97	97	-
Non-State: Network of Children's Advocacy Centers	2,802	2,802	-
Non-State: Parkinson Association of Alabama	100	100	-
Non-State: Retired Senior Volunteer Program	281	281	-
Non-State: Shoals Entrepreneurial Center	97	97	-
Non-State: Tri-Rivers Waterway Development	61	61	-
Non-State: Warrior-Tombigbee Development	67	67	-
Non-State: WRATT Foundation	75	75	-
Total General Fund Non-State	**5,418**	**5,418**	**-**
Geological Survey			
Mineral, Energy, and Water Resources	2,300	2,248	52
Total Geological Survey	**2,300**	**2,248**	**52**
Governor's Mansion Advisory Board			
Historical Resources Management	-	-	-
Total Governor's Mansion Advisory Board	**-**	**-**	**-**
Governor's Office on Disability			
Executive Direction	207	154	53
Total Governor's Office on Disability	**207**	**154**	**53**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	325	325	-
-	-	-	-	-	-	352	352	-
-	-	-	-	-	-	22	22	-
-	-	-	-	-	-	162	162	-
-	-	-	-	-	-	200	200	-
-	-	-	-	-	-	241	241	-
-	-	-	-	-	-	13	13	-
-	-	-	-	-	-	21	21	-
-	-	-	-	-	-	28	28	-
-	-	-	-	-	-	376	376	-
-	-	-	-	-	-	144	144	-
-	-	-	-	-	-	24	24	-
-	-	-	-	-	-	19	19	-
-	-	-	-	-	-	101	101	-
-	**-**	**-**	**-**	**-**	**-**	**2,028**	**2,028**	**-**
-	-	-	-	-	-	51	51	-
-	-	-	-	-	-	97	97	-
-	-	-	-	-	-	13	13	-
-	-	-	-	-	-	54	54	-
-	-	-	-	-	-	48	48	-
-	-	-	-	-	-	34	34	-
-	-	-	-	-	-	814	814	-
-	-	-	-	-	-	90	90	-
-	-	-	-	-	-	186	186	-
-	-	-	-	-	-	60	60	-
-	-	-	-	-	-	362	362	-
-	-	-	-	-	-	29	29	-
-	-	-	-	-	-	97	97	-
-	-	-	-	-	-	2,802	2,802	-
-	-	-	-	-	-	100	100	-
-	-	-	-	-	-	281	281	-
-	-	-	-	-	-	97	97	-
-	-	-	-	-	-	61	61	-
-	-	-	-	-	-	67	67	-
-	-	-	-	-	-	75	75	-
-	**-**	**-**	**-**	**-**	**-**	**5,418**	**5,418**	**-**
-	-	-	1,333	1,236	97	3,633	3,484	149
-	**-**	**-**	**1,333**	**1,236**	**97**	**3,633**	**3,484**	**149**
-	-	-	6	-	6	6	-	6
-	**-**	**-**	**6**	**-**	**6**	**6**	**-**	**6**
-	-	-	245	122	123	452	276	176
-	**-**	**-**	**245**	**122**	**123**	**452**	**276**	**176**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Health Planning and Development			
Health Planning Development and Regulation	357	357	-
Total Health Planning and Development	**357**	**357**	**-**
Hearing Instrument Dealers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Hearing Instrument Dealers Board	**-**	**-**	**-**
Heating and Air Conditioning Contractors Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Heating and Air Conditioning Contractors Board	**-**	**-**	**-**
High School of Math and Science			
Financial Assistance	-	-	-
Total High School of Math and Science	**-**	**-**	**-**
Historical Commission			
Capital Outlay: Alabama Historical Commission	-	-	-
Capital Outlay: Capitol Preservation	-	-	-
Capital Outlay: Confederate Park-Soldier Fund	-	-	-
Historical Resources Management: Alabama Historical Commission	-	-	-
Historical Resources Management: Capitol Preservation	-	-	-
Historical Resources Management: Confederate Park-Soldier Fund	-	-	-
Total Historical Commission	**-**	**-**	**-**
Home Builders Licensure Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Home Builders Licensure Board	**-**	**-**	**-**
Home Medical Equipment Services Provider Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Home Medical Equipment Services Provider Board	**-**	**-**	**-**
Homeland Security Office			
Readiness and Recovery	-	-	-
Total Homeland Security Office	**-**	**-**	**-**
Incentives Financing Authority			
Capital Outlay	-	-	-
Total Incentives Financing Authority	**-**	**-**	**-**
Indian Affairs Commission			
Social Services	197	189	8
Total Indian Affairs Commission	**197**	**189**	**8**
Insurance			
Regulatory Services	-	-	-
Total Insurance	**-**	**-**	**-**
Interior Design Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Interior Design Registration Board	**-**	**-**	**-**
Interpreters and Transliterators			
Professional and Occupational Licensure and Regulation	-	-	-
Total Interpreters and Transliterators	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	779	529	250	1,136	886	250
-	**-**	**-**	**779**	**529**	**250**	**1,136**	**886**	**250**
-	-	-	54	25	29	54	25	29
-	**-**	**-**	**54**	**25**	**29**	**54**	**25**	**29**
-	-	-	753	670	83	753	670	83
-	**-**	**-**	**753**	**670**	**83**	**753**	**670**	**83**
5,194	5,190	4	-	-	-	5,194	5,190	4
5,194	**5,190**	**4**	**-**	**-**	**-**	**5,194**	**5,190**	**4**
-	-	-	3,942	272	3,670	3,942	272	3,670
-	-	-	500	20	480	500	20	480
-	-	-	530	-	530	530	-	530
-	-	-	7,387	6,217	1,170	7,387	6,217	1,170
-	-	-	1,043	921	122	1,043	921	122
-	-	-	317	251	66	317	251	66
-	**-**	**-**	**13,719**	**7,681**	**6,038**	**13,719**	**7,681**	**6,038**
-	-	-	1,768	1,403	365	1,768	1,403	365
-	**-**	**-**	**1,768**	**1,403**	**365**	**1,768**	**1,403**	**365**
-	-	-	52	45	7	52	45	7
-	**-**	**-**	**52**	**45**	**7**	**52**	**45**	**7**
-	-	-	100	7	93	100	7	93
-	**-**	**-**	**100**	**7**	**93**	**100**	**7**	**93**
-	-	-	19,650	9,580	10,070	19,650	9,580	10,070
-	**-**	**-**	**19,650**	**9,580**	**10,070**	**19,650**	**9,580**	**10,070**
-	-	-	55	49	6	252	238	14
-	**-**	**-**	**55**	**49**	**6**	**252**	**238**	**14**
-	-	-	7,976	6,459	1,517	7,976	6,459	1,517
-	**-**	**-**	**7,976**	**6,459**	**1,517**	**7,976**	**6,459**	**1,517**
-	-	-	26	25	1	26	25	1
-	**-**	**-**	**26**	**25**	**1**	**26**	**25**	**1**
-	-	-	15	14	1	15	14	1
-	**-**	**-**	**15**	**14**	**1**	**15**	**14**	**1**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Joint Legislative Oversight Committee on Community Service			
Alabama Community Service Grant: House of Representatives	-	-	-
Alabama Community Service Grant: Senate	-	-	-
Total Joint Legislative Oversight Committee on Community Service	**-**	**-**	**-**
Judicial Inquiry Commission			
Administrative Services	402	384	18
Total Judicial Inquiry Commission	**402**	**384**	**18**
Knight vs. Alabama Financial Obligation			
Support of State Universities: Attorney's Fees	-	-	-
Support of State Universities: Electrical/Mechanical Engineering Programs-Alabama A&M	-	-	-
Support of State Universities: Employment Practices-White-Def	-	-	-
Support of State Universities: Health Information Management Program - Alabama State Univ.	-	-	-
Support of State Universities: Master of Accountancy Program - Alabama State University	-	-	-
Support of State Universities: Occupational Therapy Program - Alabama State University	-	-	-
Support of State Universities: Physical Therapy Program-Alabama State University	-	-	-
Support of State Universities: Scholarships to Diversify-A&M	-	-	-
Support of State Universities: Scholarships to Diversify-ASU	-	-	-
Support of State Universities: Trust for Educational Excellence, Base-Alabama A&M	-	-	-
Support of State Universities: Trust for Educational Excellence, Base-Alabama State	-	-	-
Support of State Universities: Trust for Educational Excellence, Match-Alabama A&M	-	-	-
Support of State Universities: Trust for Educational Excellence, Match-Alabama State	-	-	-
Total Knight vs. Alabama Financial Obligation	**-**	**-**	**-**
Labor			
Regulatory Services	410	382	28
Total Labor	**410**	**382**	**28**
Landscape Architect Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Landscape Architect Examining Board	**-**	**-**	**-**
Legislative Council			
Legislative Operations and Support	625	361	264
Total Legislative Council	**625**	**361**	**264**
Legislative Fiscal Office			
Legislative Operations and Support	1,783	1,542	241
Total Legislative Fiscal Office	**1,783**	**1,542**	**241**
Legislative Reference Service			
Legislative Operations and Support: Code Supplement-LRS	147	57	90
Legislative Operations and Support: Legislative Reference Service	2,461	2,304	157
Total Legislative Reference Service	**2,608**	**2,361**	**247**
Lieutenant Governor			
Legislative Operations and Support	784	532	252
Total Lieutenant Governor	**784**	**532**	**252**
Liquefied Petroleum Gas Board			
Regulatory Services	-	-	-
Total Liquefied Petroleum Gas Board	**-**	**-**	**-**
Manufactured Housing Commission			
Regulatory Services	-	-	-
Total Manufactured Housing Commission	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
6,639	6,627	12	-	-	-	6,639	6,627	12
4,568	4,568	-	-	-	-	4,568	4,568	-
11,207	**11,195**	**12**	**-**	**-**	**-**	**11,207**	**11,195**	**12**
-	-	-	-	-	-	402	384	18
-	**-**	**-**	**-**	**-**	**-**	**402**	**384**	**18**
221	221	-	-	-	-	221	221	-
946	946	-	-	-	-	946	946	-
1,529	1,529	-	-	-	-	1,529	1,529	-
266	266	-	-	-	-	266	266	-
76	76	-	-	-	-	76	76	-
350	350	-	-	-	-	350	350	-
465	465	-	-	-	-	465	465	-
1,119	1,119	-	-	-	-	1,119	1,119	-
558	558	-	-	-	-	558	558	-
1,000	1,000	-	-	-	-	1,000	1,000	-
1,000	1,000	-	-	-	-	1,000	1,000	-
2,503	2,503	-	-	-	-	2,503	2,503	-
1,000	1,000	-	-	-	-	1,000	1,000	-
11,033	**11,033**	**-**	**-**	**-**	**-**	**11,033**	**11,033**	**-**
-	-	-	139	132	7	549	514	35
-	**-**	**-**	**139**	**132**	**7**	**549**	**514**	**35**
-	-	-	60	46	14	60	46	14
-	**-**	**-**	**60**	**46**	**14**	**60**	**46**	**14**
-	-	-	-	-	-	625	361	264
-	**-**	**-**	**-**	**-**	**-**	**625**	**361**	**264**
-	-	-	-	-	-	1,783	1,542	241
-	**-**	**-**	**-**	**-**	**-**	**1,783**	**1,542**	**241**
-	-	-	-	-	-	147	57	90
-	-	-	-	-	-	2,461	2,304	157
-	**-**	**-**	**-**	**-**	**-**	**2,608**	**2,361**	**247**
-	-	-	-	-	-	784	532	252
-	**-**	**-**	**-**	**-**	**-**	**784**	**532**	**252**
-	-	-	892	678	214	892	678	214
-	**-**	**-**	**892**	**678**	**214**	**892**	**678**	**214**
-	-	-	3,518	1,666	1,852	3,518	1,666	1,852
-	**-**	**-**	**3,518**	**1,666**	**1,852**	**3,518**	**1,666**	**1,852**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Marriage and Family Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Marriage and Family Therapy Board	**-**	**-**	**-**
Massage Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Massage Therapy Board	**-**	**-**	**-**
Men's Hall of Fame			
Historical Resources Management	19	19	-
Total Men's Hall of Fame	**19**	**19**	**-**
Military			
Capital Outlay: Capital Outlay	-	-	-
Military Operations: Active Military Service	490	432	58
Military Operations: Dropping Allowance	-	-	-
Military Operations: Operations	1,366	1,365	1
Military Operations: Operations and Maintenance	1,924	1,923	1
Military Operations: Quartering Allowance to Headquarters	1,450	1,450	-
Military Operations: State Defense Force	20	20	-
Total Military	**5,250**	**5,190**	**60**
Nursing Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Nursing Board	**-**	**-**	**-**
Nursing Home Administration Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Nursing Home Administration Examining Board	**-**	**-**	**-**
Occupational Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Occupational Therapy Board	**-**	**-**	**-**
Office of National and Community Service			
Executive Direction	195	166	29
Total Office of National and Community Service	**195**	**166**	**29**
Office of Prosecution Services			
Prosecution Training Education and Management	764	764	-
Total Office of Prosecution Services	**764**	**764**	**-**
Oil and Gas Board			
Management and Regulation of Oil and Gas Exploration/Development	2,210	2,167	43
Total Oil and Gas Board	**2,210**	**2,167**	**43**
Pardons and Paroles			
Administration of Pardons and Paroles	14,887	14,865	22
Total Pardons and Paroles	**14,887**	**14,865**	**22**
Peace Officer Annuity and Benefit			
Retirement Systems	-	-	-
Total Peace Officer Annuity and Benefit	**-**	**-**	**-**
Peace Officer Standards and Training			
Certified Law Enforcement Academy Program	-	-	-
Professional and Occupational Licensure and Regulation	-	-	-
Total Peace Officer Standards and Training	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	60	35	25	60	35	25
-	**-**	**-**	**60**	**35**	**25**	**60**	**35**	**25**
-	-	-	85	83	2	85	83	2
-	**-**	**-**	**85**	**83**	**2**	**85**	**83**	**2**
-	-	-	-	-	-	19	19	-
-	**-**	**-**	**-**	**-**	**-**	**19**	**19**	**-**
-	-	-	8,391	8,391	-	8,391	8,391	-
-	-	-	-	-	-	490	432	58
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,366	1,365	1
-	-	-	18,394	15,125	3,269	20,318	17,048	3,270
-	-	-	-	-	-	1,450	1,450	-
-	-	-	-	-	-	20	20	-
-	**-**	**-**	**26,785**	**23,516**	**3,269**	**32,035**	**28,706**	**3,329**
51	46	5	4,330	3,555	775	4,381	3,601	780
51	**46**	**5**	**4,330**	**3,555**	**775**	**4,381**	**3,601**	**780**
-	-	-	105	46	59	105	46	59
-	**-**	**-**	**105**	**46**	**59**	**105**	**46**	**59**
-	-	-	125	86	39	125	86	39
-	**-**	**-**	**125**	**86**	**39**	**125**	**86**	**39**
-	-	-	2,527	2,036	491	2,722	2,202	520
-	**-**	**-**	**2,527**	**2,036**	**491**	**2,722**	**2,202**	**520**
-	-	-	2,946	2,234	712	3,710	2,998	712
-	**-**	**-**	**2,946**	**2,234**	**712**	**3,710**	**2,998**	**712**
-	-	-	550	430	120	2,760	2,597	163
-	**-**	**-**	**550**	**430**	**120**	**2,760**	**2,597**	**163**
-	-	-	9,654	7,380	2,274	24,541	22,245	2,296
-	**-**	**-**	**9,654**	**7,380**	**2,274**	**24,541**	**22,245**	**2,296**
-	-	-	484	356	128	484	356	128
-	**-**	**-**	**484**	**356**	**128**	**484**	**356**	**128**
495	495	-	450	300	150	945	795	150
326	320	6	1,000	766	234	1,326	1,086	240
821	**815**	**6**	**1,450**	**1,066**	**384**	**2,271**	**1,881**	**390**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Personnel			
Administrative Support Service	-	-	-
Total Personnel	**-**	**-**	**-**
Physical Fitness Commission			
Advisory Services	-	-	-
Total Physical Fitness Commission	**-**	**-**	**-**
Physical Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Physical Therapy Board	**-**	**-**	**-**
Plumbers and Gas Fitters Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Plumbers and Gas Fitters Examining Board	**-**	**-**	**-**
Polygraph Examiners			
Professional and Occupational Licensure and Regulation	-	-	-
Total Polygraph Examiners	**-**	**-**	**-**
President Pro Tempore Senate			
Legislative Operations and Support	1,426	997	429
Total President Pro Tempore Senate	**1,426**	**997**	**429**
Proessional Engineers Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Proessional Engineers Registration Board	**-**	**-**	**-**
Professional Geologists Licensing Board			
Mineral, Energy, and Water Resources	-	-	-
Total Professional Geologists Licensing Board	**-**	**-**	**-**
Psychology Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Psychology Examiners Board	**-**	**-**	**-**
Public Education Employees Health Insurance Board			
Administrative Support Service	-	-	-
Total Public Education Employees Health Insurance Board	**-**	**-**	**-**
Public Library Service			
Public Library Services	-	-	-
Total Public Library Service	**-**	**-**	**-**
Public Livestock Market Board			
Agricultural Development Services	-	-	-
Total Public Livestock Market Board	**-**	**-**	**-**
Public School and College Authority			
Capital Outlay	-	-	-
Total Public School and College Authority	**-**	**-**	**-**
Real Estate Appraisers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Real Estate Appraisers Board	**-**	**-**	**-**
Real Estate Commission			
Capital Outlay	-	-	-
Professional and Occupational Licensure and Regulation	-	-	-
Total Real Estate Commission	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	7,749	6,452	1,297	7,749	6,452	1,297
-	**-**	**-**	**7,749**	**6,452**	**1,297**	**7,749**	**6,452**	**1,297**
210	207	3	18	5	13	228	212	16
210	**207**	**3**	**18**	**5**	**13**	**228**	**212**	**16**
-	-	-	307	177	130	307	177	130
-	**-**	**-**	**307**	**177**	**130**	**307**	**177**	**130**
-	-	-	1,750	1,358	392	1,750	1,358	392
-	**-**	**-**	**1,750**	**1,358**	**392**	**1,750**	**1,358**	**392**
-	-	-	25	16	9	25	16	9
-	**-**	**-**	**25**	**16**	**9**	**25**	**16**	**9**
-	-	-	-	-	-	1,426	997	429
-	**-**	**-**	**-**	**-**	**-**	**1,426**	**997**	**429**
-	-	-	944	767	177	944	767	177
-	**-**	**-**	**944**	**767**	**177**	**944**	**767**	**177**
-	-	-	59	57	2	59	57	2
-	**-**	**-**	**59**	**57**	**2**	**59**	**57**	**2**
-	-	-	160	106	54	160	106	54
-	**-**	**-**	**160**	**106**	**54**	**160**	**106**	**54**
-	-	-	1,499	1,035	464	1,499	1,035	464
-	**-**	**-**	**1,499**	**1,035**	**464**	**1,499**	**1,035**	**464**
9,585	9,536	49	2,412	2,411	1	11,997	11,947	50
9,585	**9,536**	**49**	**2,412**	**2,411**	**1**	**11,997**	**11,947**	**50**
-	-	-	4	2	2	4	2	2
-	**-**	**-**	**4**	**2**	**2**	**4**	**2**	**2**
-	-	-	31,751	10,707	21,044	31,751	10,707	21,044
-	**-**	**-**	**31,751**	**10,707**	**21,044**	**31,751**	**10,707**	**21,044**
-	-	-	697	640	57	697	640	57
-	**-**	**-**	**697**	**640**	**57**	**697**	**640**	**57**
-	-	-	250	74	176	250	74	176
-	-	-	3,089	1,721	1,368	3,089	1,721	1,368
-	**-**	**-**	**3,339**	**1,795**	**1,544**	**3,339**	**1,795**	**1,544**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Retirement Systems of Alabama			
Retirement Systems	-	-	-
Total Retirement Systems of Alabama	**-**	**-**	**-**
Securities Commission			
Regulatory Services	-	-	-
Total Securities Commission	**-**	**-**	**-**
Senior Citizens Hall of Fame			
Historical Resources Management	15	15	-
Total Senior Citizens Hall of Fame	**15**	**15**	**-**
Senior Services			
Elderly Medication Program	1,500	1,500	-
Medicaid Waiver Services	7,043	7,043	-
Planning and Advocacy for Elderly	4,342	4,342	-
Total Senior Services	**12,885**	**12,885**	**-**
Sickle Cell Oversight Commission			
Support - Other Educational Activities	-	-	-
Total Sickle Cell Oversight Commission	**-**	**-**	**-**
Social Work Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Social Work Examiners Board	**-**	**-**	**-**
Soil and Water Conservation Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Soil Conservation Program	-	-	-
Water Resource Development	3,157	3,077	80
Total Soil and Water Conservation Commission	**3,157**	**3,077**	**80**
Speaker of the House			
Speaker of House, Office of	1,736	389	1,347
Total Speaker of the House	**1,736**	**389**	**1,347**
Speech Pathologists and Audiologists Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Speech Pathologists and Audiologists Examining Board	**-**	**-**	**-**
Sports Hall of Fame Board			
Historical Resources Management	275	275	-
Support - Other Educational Activities	-	-	-
Total Sports Hall of Fame Board	**275**	**275**	**-**
State Bar Association			
Professional and Occupational Licensure and Regulation	-	-	-
Total State Bar Association	**-**	**-**	**-**
State Employees Insurance Board			
Administrative Support Service	-	-	-
Fringe Benefits	-	-	-
Total State Employees Insurance Board	**-**	**-**	**-**
State Industrial Development Authority			
Capital Outlay	-	-	-
Industrial Development	-	-	-
Total State Industrial Development Authority	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	29,525	21,667	7,858	29,525	21,667	7,858
-	**-**	**-**	**29,525**	**21,667**	**7,858**	**29,525**	**21,667**	**7,858**
-	-	-	6,460	5,149	1,311	6,460	5,149	1,311
-	**-**	**-**	**6,460**	**5,149**	**1,311**	**6,460**	**5,149**	**1,311**
-	-	-	-	-	-	15	15	-
-	**-**	**-**	**-**	**-**	**-**	**15**	**15**	**-**
-	-	-	-	-	-	1,500	1,500	-
-	-	-	31,640	29,067	2,573	38,683	36,110	2,573
-	-	-	25,525	25,172	353	29,867	29,514	353
-	**-**	**-**	**57,165**	**54,239**	**2,926**	**70,050**	**67,124**	**2,926**
1,504	1,499	5	-	-	-	1,504	1,499	5
1,504	**1,499**	**5**	**-**	**-**	**-**	**1,504**	**1,499**	**5**
-	-	-	216	162	54	216	162	54
-	**-**	**-**	**216**	**162**	**54**	**216**	**162**	**54**
-	-	-	5	2	3	5	2	3
13	13	-	-	-	-	13	13	-
-	-	-	1,170	1,166	4	4,327	4,243	84
13	**13**	**-**	**1,175**	**1,168**	**7**	**4,345**	**4,258**	**87**
-	-	-	-	-	-	1,736	389	1,347
-	**-**	**-**	**-**	**-**	**-**	**1,736**	**389**	**1,347**
-	-	-	203	90	113	203	90	113
-	**-**	**-**	**203**	**90**	**113**	**203**	**90**	**113**
-	-	-	-	-	-	275	275	-
120	120	-	-	-	-	120	120	-
120	**120**	**-**	**-**	**-**	**-**	**395**	**395**	**-**
-	-	-	4,269	3,539	730	4,269	3,539	730
-	**-**	**-**	**4,269**	**3,539**	**730**	**4,269**	**3,539**	**730**
-	-	-	3,546	2,419	1,127	3,546	2,419	1,127
-	-	-	540	250	290	540	250	290
-	**-**	**-**	**4,086**	**2,669**	**1,417**	**4,086**	**2,669**	**1,417**
-	-	-	5,954	4,919	1,035	5,954	4,919	1,035
-	-	-	350	58	292	350	58	292
-	**-**	**-**	**6,304**	**4,977**	**1,327**	**6,304**	**4,977**	**1,327**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
State Tenure Commission			
Regulation	-	-	-
Total State Tenure Commission	**-**	**-**	**-**
Supercomputer Authority			
Administrative Support Service	-	-	-
Total Supercomputer Authority	**-**	**-**	**-**
Supreme Court			
Court Operations	8,671	8,510	161
Total Supreme Court	**8,671**	**8,510**	**161**
Supreme Court Law Library			
Court Operations	1,483	1,481	2
Total Supreme Court Law Library	**1,483**	**1,481**	**2**
Surface Mining Commission			
Industrial Safety and Accident Prevention	-	-	-
Total Surface Mining Commission	**-**	**-**	**-**
Tennessee Valley Exhibit Commission			
Promotional Development	151	144	7
Total Tennessee Valley Exhibit Commission	**151**	**144**	**7**
Tourism and Travel			
Tourism and Travel Promotion	2,428	1,275	1,153
Total Tourism and Travel	**2,428**	**1,275**	**1,153**
Twenty-first Century Authority			
Capital Outlay	-	-	-
Capital Outlay: CRH	-	-	-
Capital Outlay: TEKSID	-	-	-
Total Twenty-first Century Authority	**-**	**-**	**-**
Veterans Affairs			
Administration of Veterans Affairs	6,358	6,152	206
Capital Outlay	-	-	-
Total Veterans Affairs	**6,358**	**6,152**	**206**
Veterinarian Medical Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Veterinarian Medical Examiners Board	**-**	**-**	**-**
Voter Registration			
Special Services	206	206	-
Total Voter Registration	**206**	**206**	**-**
Women's Commission			
Employment and Social Opportunities	19	-	19
Total Women's Commission	**19**	**-**	**19**
TOTAL Other	**187,220**	**175,423**	**11,797**
TOTAL EXPENDITURES	**$ 1,023,328**	**$ 994,792**	**$ 28,536**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
19	19	-	-	-	-	19	19	-
19	**19**	**-**	**-**	**-**	**-**	**19**	**19**	**-**
-	-	-	7,703	6,890	813	7,703	6,890	813
-	**-**	**-**	**7,703**	**6,890**	**813**	**7,703**	**6,890**	**813**
-	-	-	-	-	-	8,671	8,510	161
-	**-**	**-**	**-**	**-**	**-**	**8,671**	**8,510**	**161**
-	-	-	-	-	-	1,483	1,481	2
-	**-**	**-**	**-**	**-**	**-**	**1,483**	**1,481**	**2**
-	-	-	3,721	2,649	1,072	3,721	2,649	1,072
-	**-**	**-**	**3,721**	**2,649**	**1,072**	**3,721**	**2,649**	**1,072**
-	-	-	441	230	211	592	374	218
-	**-**	**-**	**441**	**230**	**211**	**592**	**374**	**218**
-	-	-	8,529	7,607	922	10,957	8,882	2,075
-	**-**	**-**	**8,529**	**7,607**	**922**	**10,957**	**8,882**	**2,075**
-	-	-	664	500	164	664	500	164
-	-	-	1,300	1,300	-	1,300	1,300	-
-	-	-	225	225	-	225	225	-
-	**-**	**-**	**2,189**	**2,025**	**164**	**2,189**	**2,025**	**164**
8,878	8,878	-	21,407	18,387	3,020	36,643	33,417	3,226
-	-	-	750	-	750	750	-	750
8,878	**8,878**	**-**	**22,157**	**18,387**	**3,770**	**37,393**	**33,417**	**3,976**
-	-	-	400	297	103	400	297	103
-	**-**	**-**	**400**	**297**	**103**	**400**	**297**	**103**
-	-	-	-	-	-	206	206	-
-	**-**	**-**	**-**	**-**	**-**	**206**	**206**	**-**
-	-	-	-	-	-	19	-	19
-	**-**	**-**	**-**	**-**	**-**	**19**	**-**	**19**
91,901	**91,221**	**680**	**787,732**	**649,307**	**138,425**	**1,066,853**	**915,951**	**150,902**
$ 4,202,042	**$ 4,192,408**	**$ 9,634**	**$ 12,434,322**	**$ 9,032,297**	**$ 3,402,025**	**$ 17,659,692**	**$ 14,219,497**	**$ 3,440,195**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
TRANSFERS OUT:			
Education Trust Fund Transfers			
ACHE - Eminent Scholars	-	-	-
Building Commission	-	-	-
Child Abuse Board	-	-	-
Education Tech Fund Transfer	-	-	-
Finance-Telephone Revolving	-	-	-
Human Resources	-	-	-
Mental Health	-	-	-
Penny Trust Fund	-	-	-
Proration Prevention Fund	-	-	-
PSCA - Act 90-735	-	-	-
Public School Fund Endowment	-	-	-
Supercomputer	-	-	-
Veterans Affairs	-	-	-
TOTAL Education Trust Fund Transfers	**-**	**-**	**-**
General Fund Transfers			
ABC Board Tobacco Regulation	183	-	183
ABI Cost of Evidence	70	70	-
ADEM-Hazardous Substance Fund	36	36	-
ADEM-Operations	5,019	4,969	50
Agriculture and Conservation Development Commission	2,430	2,429	1
Alabama Agricultural Museum	133	131	2
Alabama Building Renovation Finance Authority	1,440	1,440	-
BD of Control Pub Emp Contribu	1,000	1,000	-
Child Abuse Board	827	827	-
Child Health Insurance Program	5,019	5,019	-
Children's Policy Council	20	20	-
Conservation - Parks	75	75	-
Department of Transportation	115	-	115
Fair Trial Tax Transfer	22,300	22,300	-
Finance - Telephone Revolving	1,164	1,164	-
Forestry Commission	14,962	13,274	1,688
Historical Commission	4,182	4,094	88
Human Resources	72,899	72,899	-
Intra General Fund Cash Transfer	-	-	-
Mental Health	96,833	96,775	58
Parks System Improvement Corp	8,597	8,597	-
Penny Trust Fund	300	300	-
Pollution Grant	725	725	-
Public Historical Sites Corp.	478	478	-
Revenue-Ad Valorem Equalization	241	241	-
Secretary of State-Hava	640	640	-
Surface Mining Commission	573	568	5
Treasurer-Unclaimed Property	305	302	3
TOTAL General Fund Transfers	**240,566**	**238,373**	**2,193**
TOTAL TRANSFERS OUT	**$ 240,566**	**$ 238,373**	**$ 2,193**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
407	407	-	-	-	-	407	407	-
508	508	-	-	-	-	508	508	-
1,968	1,968	-	-	-	-	1,968	1,968	-
2,322	2,322	-	-	-	-	2,322	2,322	-
137	137	-	-	-	-	137	137	-
7,177	7,177	-	-	-	-	7,177	7,177	-
18,449	18,449	-	-	-	-	18,449	18,449	-
195	195	-	-	-	-	195	195	-
42	42	-	-	-	-	42	42	-
3,000	3,000	-	-	-	-	3,000	3,000	-
533	533	-	-	-	-	533	533	-
4,567	4,497	70	-	-	-	4,567	4,497	70
2,770	2,770	-	-	-	-	2,770	2,770	-
42,075	**42,005**	**70**	**-**	**-**	**-**	**42,075**	**42,005**	**70**
-	-	-	-	-	-	183	-	183
-	-	-	-	-	-	70	70	-
-	-	-	-	-	-	36	36	-
-	-	-	-	-	-	5,019	4,969	50
-	-	-	-	-	-	2,430	2,429	1
-	-	-	-	-	-	133	131	2
-	-	-	-	-	-	1,440	1,440	-
-	-	-	-	-	-	1,000	1,000	-
-	-	-	-	-	-	827	827	-
-	-	-	-	-	-	5,019	5,019	-
-	-	-	-	-	-	20	20	-
-	-	-	-	-	-	75	75	-
-	-	-	-	-	-	115	-	115
-	-	-	-	-	-	22,300	22,300	-
-	-	-	-	-	-	1,164	1,164	-
-	-	-	-	-	-	14,962	13,274	1,688
-	-	-	-	-	-	4,182	4,094	88
-	-	-	-	-	-	72,899	72,899	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	96,833	96,775	58
-	-	-	-	-	-	8,597	8,597	-
-	-	-	-	-	-	300	300	-
-	-	-	-	-	-	725	725	-
-	-	-	-	-	-	478	478	-
-	-	-	-	-	-	241	241	-
-	-	-	-	-	-	640	640	-
-	-	-	-	-	-	573	568	5
-	-	-	-	-	-	305	302	3
-	**-**	**-**	**-**	**-**	**-**	**240,566**	**238,373**	**2,193**
$ 42,075	**$ 42,005**	**$ 70**	**$ -**	**$ -**	**$ -**	**$ 282,641**	**$ 280,378**	**$ 2,263**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)

For the Fiscal Year Ended September 30, 2003

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 1,263,894**	**$ 1,233,165**	**$ 30,729**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
$ 4,244,117	$ 4,234,413	$ 9,704	$ 12,434,322	$ 9,032,297	$ 3,402,025	$ 17,942,333	$ 14,499,875	$ 3,442,458

ALABAMA
TENNESSEE
TENNESSEE RIVER
MISSISSIPPI
GEORGIA
BLACK WARRIOR RIVER
COOSA RIVER
TALLAPOOSA RIVER
CAHABA R.
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

STATISTICAL SECTION

REVENUES BY SOURCE
All Governmental Fund Types

For the Last Ten Fiscal Years Ended September 30
(Amounts in Thousands)

Revenue Source	2003	2002	2001	2000	1999
Taxes	$ 6,267,772	$ 5,699,382	$ 5,790,458	$ 5,940,174	$ 5,674,169
Licenses, Permits and Fees	502,493	497,191	460,847	469,176	424,675
Fines, Forfeits, and Court Settlements	64,204	34,593	36,717	34,369	32,393
Investment Income	204,596	100,127	117,297	111,456	91,649
Federal Grants and Reimbursements	5,515,520	5,321,974	4,672,417	4,242,012	3,849,282
Other Revenues	1,511,073	1,335,183	1,006,970	980,135	896,735
Total Revenues	**$ 14,065,658**	**$ 12,988,450**	**$ 12,084,706**	**$ 11,777,322**	**$ 10,968,903**

1998	1997	1996	1995	1994
$ 5,435,640	$ 5,150,709	$ 4,937,625	$ 4,749,661	$ 4,529,471
411,697	387,568	397,228	403,497	425,069
31,610	26,047	19,850	19,061	18,359
94,321	95,636	97,376	95,930	92,884
3,582,365	3,462,886	3,372,058	3,309,559	3,157,412
858,601	844,958	773,714	779,200	702,772
$ 10,414,234	**$ 9,967,804**	**$ 9,597,851**	**$ 9,356,908**	**$ 8,925,967**

EXPENDITURES BY FUNCTION
All Governmental Fund Types

For the Last Ten Fiscal Years Ended September 30
(Amounts in Thousands)

Function of Government	2003	2002	2001	2000	1999
Current:					
Economic Development and Regulation	$ 64,414	$ 66,362	$ 62,842	$ 59,157	$ 55,385
Education and Cultural Resources	4,653,854	4,502,307	3,439,323	3,478,450	3,236,580
Natural Resources and Recreation	107,471	95,352	55,102	48,886	54,976
Health-Physical and Mental	4,215,859	4,150,746	3,548,145	3,252,299	2,975,530
Social Services	1,510,823	1,411,889	1,525,130	1,366,767	1,343,668
Protection of Persons and Property	680,605	610,113	595,728	558,140	553,516
Transportation	1,073,470	1,216,388	1,082,933	962,474	814,683
General Government	522,536	501,996	482,879	442,203	407,904
Capital Outlay	48,639	38,983	2,474	7,019	14,065
Debt Service:					
Principal Retirement	81,963	63,716	64,358	42,524	69,468
Interest and Other Charges	40,125	86,902	21,944	24,262	15,320
Distributions to Local Governments	367,462	378,404	320,556	322,978	315,404
Total Expenditures	**$ 13,367,221**	**$ 13,123,158**	**$ 11,201,414**	**$ 10,565,159**	**$ 9,856,499**

1998	1997	1996	1995	1994
$ 53,932	$ 103,056	$87,706	$ 94,261	$ 50,927
3,130,193	2,976,872	2,776,491	2,759,043	2,579,655
45,377	48,136	42,182	38,511	36,922
2,821,147	2,713,012	2,497,339	2,372,774	2,148,999
1,308,549	1,307,381	1,362,749	1,383,012	1,397,458
507,681	464,578	458,312	398,493	400,539
720,898	730,024	768,181	726,059	673,164
388,039	369,885	355,676	362,413	337,930
31,223	23,088	12,059	22,175	15,604
68,709	95,699	111,712	67,825	115,785
18,231	42,390	31,671	29,647	96,547
306,005	293,389	295,854	288,623	285,154
$ 9,399,984	**$9,167,510**	**$ 8,799,932**	**$ 8,542,836**	**$ 8,138,684**

GENERAL OBLIGATION BONDS RATIOS

Last Ten Fiscal Years

Year	General Obligation Bonds (GOB) $ Millions	GOB Indebtedness $ Per Capita	Ratio of GOB Indebtedness To Assessed Value †	Ratio of GOB Indebtedness To Personal Income
2003	$ 490.1	$ 109	1.11%	0.43%
2002	535.1	119	1.44	0.47
2001	433.1	97	1.09	0.39
2000	292.5	66	.77	0.28
1999	319.1	73	.89	0.33
1998	341.9	79	1.07	0.37
1997	379.6	88	1.30	0.42
1996	417.4	98	1.52	0.49
1995	453.6	107	1.78	0.57
1994	486.4	115	1.97	0.64

† Based on Total Assessed Valuation information provided by the State Department of Revenue.

RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL EXPENDITURES

Last Ten Fiscal Years

(Amounts in Thousands)

Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio
2003	$ 47,945	$ 21,587	$ 69,532	$13,367,218	0.52%
2002	42,815	19,064	61,879	13,123,157	0.47
2001	47,395	11,049	58,444	11,201,414	0.52
2000	28,475	9,809	38,284	10,565,159	0.36
1999	54,440	5,404	59,844	9,856,499	0.61
1998	54,320	8,544	62,864	9,399,984	0.67
1997	53,345	11,579	64,924	9,167,510	0.71
1996	50,550	14,370	64,920	8,799,932	0.74
1995	46,210	16,919	63,129	8,542,836	0.74
1994	41,340	18,537	59,877	8,138,684	0.74

SELECTED DEMOGRAPHIC STATISTICS

Last Ten Years

Year	Population (in Thousands)	Per Capita Personal Income	Unemployment Rate	Real Gross State Product (in Billions)**
2003	4,501	$ 25,088 *	5.9%	$ 112.9 *
2002	4,487	25,225 *	5.9	113.1 *
2001	4,469	24,564	5.3	112.2 *
2000	4,452	23,521	4.6	112.2
1999	4,370	22,694	4.8	110.9
1998	4,352	21,904	4.2	106.5
1997	4,319	20,899	5.1	102.7
1996	4,273	20,138	5.1	99.3
1995	4,246	19,527	6.0	96.6
1994	4,215	18,739	6.0	83.6

* Estimated
** 1996 Dollars

Sources: Population: U.S. Census Bureau
Unemployment: Alabama Department of Industrial Relations
Other Data: Auburn University at Montgomery,
Bureau of Economic Analysis, University Outreach

ASSESSED VALUATION OF PROPERTY SUBJECT TO AD VALOREM TAXATION

Last Ten Years

(Amounts in Thousands)

Year	Real Property	Personal Property	Public Utilities	Motor Vehicles	Total Assessed Valuation
2003 *	$ 29,061,410	$6,122,335	$3,351,572	$ 5,787,672	$44,322,989
2002	27,283,157	5,890,665	3,755,679	5,742,699	42,672,200
2001	25,338,677	5,487,577	3,611,822	5,379,308	39,817,384
2000	24,163,844	5,174,295	3,508,760	4,999,654	37,846,553
1999	23,126,262	5,682,382	3,420,444	3,656,796	35,885,884
1998	20,302,968	4,985,767	3,139,629	3,542,710	31,971,074
1997	18,697,963	4,389,181	3,053,139	3,019,200	29,159,483
1996	17,702,384	3,924,821	3,067,168	2,775,209	27,469,582
1995	16,553,154	3,548,509	3,023,248	2,392,147	25,517,058
1994	16,000,789	3,407,187	3,012,494	2,229,930	24,650,400

* Estimated

Source: Alabama Department of Revenue

TOP TWENTY MANUFACTURING COMPANIES IN ALABAMA

Rank	Parent Company Name	Employee Range	City	Product
1	Intergraph Corporation	Over 4000	Huntsville	Computer Graph
2	Russell Corporation	3001-4000	Alexander City	Activewear
3	Avondale Mills Inc	2501-3000	Sylacauga	Fabric & Yarn
4	Army Fleet Support	2501-3000	Ft Rucker	Aircraft Maint
5	Boeing Company	2501-3000	Huntsville	Space & Defense
6	American Cast Iron Pipe Co.	2501-3000	Birmingham	Pipe & Valves
7	Honda Manufacturing of AL LLC	2501-3000	Lincoln	Mini Vans
8	Cavalier Homes, Inc.	2501-3000	Addison	Mobile Homes
9	DaimierChysler Corp	2001-2500	Huntsville	Auto Electronic
10	United State Pipe Foundry Co	2001-2500	Birmingham	Ductile Iron Pipe
11	CSC Nichols	2001-2500	Huntsville	Optics Technology
12	U.S. Steel Corporation	2001-2500	Fairfield	Cold & Hot Rolled
13	Maples Industries Inc	2001-2500	Scottsboro	Rugs & Bath Sets
14	Delphi Saginaw Steering Sys	1501-2000	Athens	Auto Steering Comp
15	Mercedes Benz US Internatl Inc	1501-2000	Vance	SUV
16	Benchmark Electronics Inc	1501-2000	Huntsville	Electronic Comp
17	ADTRAN Inc	1501-2000	Huntsville	Telephone Equip
18	Buffalo Rock Company	1501-2000	Birmingham	Soft Drinks
19	American Centrifugal	1501-2000	Birmingham	Ferrous Centrifugal
20	General Electric Company	1001-1500	Decatur	Refrigerators

Source: Alabama Development Office

COMMERCIAL BANK DEPOSITS

Last Ten Years
(Amounts in Millions)

YEAR *	AMOUNT
2002	$131,583
2001	124,796
2000	122,221
1999	116,764
1998	100,129
1997	71,375
1996	44,610
1995	41,379
1994	39,014
1993	37,118

** Data not available for 2003*

Source: FDIC

CONSTRUCTION IN ALABAMA

Last Ten Years

Housing Starts Authorized by Permits*	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**	**1995**	**1994**
Single Family Housing Units	21.73	19.09	16.25	13.67	14.93	14.66	13.63	14.57	12.76	14.44
Multifamily Housing Units	4.56	3.56	2.89	3.73	4.10	5.88	4.10	5.30	6.40	4.69
Total Housing Units	26.29	22.65	19.14	17.40	19.03	20.54	17.73	19.87	19.16	19.13

* Units in Thousands

Valuation on Authorized Housing Units**										
Single Family Housing Units	$ 2,638	$ 2,283	$ 1,864	$ 1,499	$ 1,655	$ 1,501	$ 1,353	$ 1,301	$ 1,442	$ 1,168
Multifamily Housing Units	281	171	161	219	227	289	183	208	287	189
Total Housing Units	2,919	2,454	2,025	1,718	1,882	1,790	1,536	1,509	1,729	1,357

** Value in Millions of Dollars

Source: U.S. Bureau of the Census, Current Construction Reports

GENERAL INFORMATION

Date Entered Union	December 14, 1819
State Capital	Montgomery
Miles of State Highway	10,846
Land Area (Square Miles)	51,718
State Trooper Protection:	
Number of Stations	14
Number of State Troopers	631
Higher Education (Public and Private Universities, Community, and Junior Colleges)	
Number of Campuses in State	60
Number of Educators (2002-2003)	8,254
Number of Students (Fall 2002)*	212,063
Recreation:	
Number of State Parks	24
Area of State Parks (acres)	49,651
Number of State Employees **	36,156

Sources:

- Alabama Department of Transportation
- Alabama Conservation Department - State Parks Division
- Alabama Commission on Higher Education
- Alabama Forestry Division
- Alabama Department of Public Safety
- Alabama Department of Conservation and Natural Resources
- Alabama Personnel Department

* 2003 Data Unavailable

** Includes State Merit System, House, Senate, and Administrative Office of the Courts